SUPREME COURT

STATE OF WISCONSIN

Madison, June 1, 1982

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The Court today announced an order in your case as follows:

No. 80-1935 M. Bryce & Associates, Inc., v. William Gladstone and Rodney Lange, d/b/a Arthur Young & Co., and Harley-Davidson Motor Co., Inc., et al.

The court having considered the defendants-appellants' (Arthur Young & Co., and Harley-Davidson Motor Co.) petition for review from the adverse decision of district I of the court of appeals filed March 26, 1982;

IT IS ORDERED, the petition is denied with $50 costs to the plaintiff-respondent (M. Bryce & Associates, Inc.).

MARILYN L. GRAVES
Clerk of Supreme Court

COURT OF APPEALS OF WISCONSIN

DISTRICT I

REMITTITUR

Appeal No. 80-1935

M. BRYCE & ASSOCIATES, INC.,
a foreign corporation,

Plaintiff-Respondent,

v.

WILLIAM GLADSTONE AND RODNEY LANG,
d/b/a ARTHUR YOUNG & CO.
AND HARLEY-DAVIDSON MOTOR CO., INC.—
SUBSIDIARY AMF INCORPORATED,

Defendants-Appellants,

HARRY D. MAYO, III, and JOHN E. CHAPEL,

Defendants

This cause was an appeal to review the judgment of the Circuit Court of Milwaukee County. Upon consideration, it is ordered and adjudged by this Court in an opinion filed March 26, 1982, that the judgment of the Circuit Court of Milwaukee County, in this cause is affirmed. The appeal record is hereby returned to the clerk of the Circuit Court for Milwaukee County.

I certify that the above is a correct transcript of the original order and judgment of the court in the above-entitled cause.
Dated this 2nd day of June, 1982

/s/ Marilyn L. Graves
Clerk, Court of Appeals

ISSUES PRESENTED FOR REVIEW

DOES THE UNITED STATES CONSTITUTION PROHIBIT A STATE FROM APPLYING ITS TRADE SECRET LAW TO BAR THE USE BY OTHERS OF THE INFORMATION AND IDEAS CONTAINED IN A PUBLISHED, COPYRIGHTED WORK?

The Court of Appeals answered "no."

DOES VOLUNTARY USE OF A COPYRIGHT NOTICE ON A PUBLISHED WORK ESTOP THE COPYRIGHT HOLDER TO CLAIM TRADE SECRET PROTECTION?

The Court of Appeals failed to decide this question, although the issue was properly before it.

DID THE COURT OF APPEAL APPLY AN ERRONEOUS STANDARD OF APPELLATE REVIEW IN HOLDING THAT A PLAINTIFF COULD CLAIM EXCLUSIVE TRADE SECRET RIGHTS IN INFORMATION WHICH ITS PRESIDENT COPIED FROM A PRIOR EMPLOYER?

The Court of Appeals applied the wrong standard of appellate review and, as a result, held the plaintiff could so claim.

DID THE COURT OF APPEAL ERR (1) IN DISREGARDING THIS COURT'S PRIOR HOLDINGS CONCERNING USE OF A TRADE SECRET AND (2) IN HOLDING THAT THE PETITIONERS WERE LIABLE FOR USING PLAINTIFF'S ALLEGED TRADE SECRET WHEN THERE WAS NO CREDIBLE EVIDENCE THAT THE PETITIONERS COPIED OR USED PLAINTIFF'S ALLEGED TRADE SECRET?

The Court of Appeals disregarded this Court's prior decisions and, as a result, held the petitioners liable.

COULD PETITIONERS BE LIABLE FOR USING AN ALLEGED TRADE SECRET WHEN THE PLAINTIFF HAS NEVER BEEN ABLE TO IDENTIFY ITS

TRADE SECRET AND COULD NOT PROVE THE SECRECY OF THE INFORMATION IN WHICH IT CLAIMED A PROPRIETARY INTEREST?

The Court of Appeals answered "yes."

REASONS FOR GRANTING THE PETITION

The case involves important and complex issues qualifying for review under § 809.62(a), (c) and (d), Wis. Stats. A significant question of federal constitutional law and a conflict with U.S. Supreme Court opinions is presented by the Court of Appeals' holding that the Supremacy Clause of the U.S. Constitution and the doctrine of estoppel do not preclude Wisconsin from extending its trade secret protection to withdraw from public use and enjoyment the ideas and information contained in a published, copyrighted work.

The Court of Appeals' decision also is in complete conflict with this Court's decisions in *Abbott Laboratories v. Norse Chemical Corp.*, 33 Wis.2d 445, 147 N.W.2d 529 (1967) ("*Abbott*") and *RTE Corp. v. Coatings, Inc.*, 84 Wis.2d 105, 267 N.W.2d 226 (1978) ("*RTE Corp.*"). It ignored the standards established by *Abbott* and *RTE Corp.* concerning proof of use of an alleged trade secret consisting of a "unique combination" of publicly known information by holding that some proof of mere similarity was sufficient. The Court of Appeals also wholly misapplied the standard enunciated in *Abbott* for proof of the existence of a trade secret, in view of the plaintiff's total inability to describe or identify its trade secret and its failure to prove any of the six elements of a secret required by *Abbott*.

The Court of Appeals' decision also is in conflict with this Court's controlling opinions on the standard of appellate review governing an equitable declaratory relief counterclaim. The issues presented are sufficiently novel and complex that a decision by this Court will both develop the law and have statewide, if not nationwide, impact.

STATEMENT OF THE CASE

M. Bryce & Associates, Inc. ("MBA") accused petitioners Arthur Young & Company ("AY") and Harley-Davidson Motor Co., Inc. ("H-D") of taking and using its "trade secret" contained in PRIDE, a methodology for the design of management information systems ("MIS"). This "secret", embodied in copyrighted materials shown to AY and H-D at a meeting on July 2, 1974, was allegedly copied and duplicated into a MIS standards manual AY and H-D developed for H-D.

I. MANAGEMENT INFORMATION SYSTEMS AND STANDARDS MANUALS[1]

At issue is a claim concerning MBA's method for the design and implementation of a MIS standards manual. A MIS is a series of sequential steps (manual or automated) to achieve a goal, *e.g.*, a payroll system for the calculation of employee wages and the retention of all related records and information. To assure uniformity, a company must create standardized procedures for developing, documenting, and maintaining its systems. T 57, 452, 1317, 1665-66, 2559-60.[2] A company's MIS "standards manual" shows a company's systems analysts generally how to design any system,

1. The Court of Appeals' opinion, Ax S (*see* n. 2), contains a statement of many of the most pertinent elementary facts. In accordance with § 809.62 Wis. Stats., Judicial Council Committee's Note, 1981, such facts will not be repeated here. Important facts not mentioned by the Court of Appeals, however, are set forth in the most applicable portion of the Petition.

2. Throughout this petition, "R ___" refers to the relevant pages of the Record on Appeal, and "T ___" to the portions of the trial transcript in the sequentially numbered pages of R 306 through 323 where such testimony is embodied. "Ax ___" refers to the relevant page in the separate Appendix filed with the Court of Appeals, Axs A to Q, which is re-filed herewith and incorporated by reference. The Court of Appeals' opinion and other items not in the Appendix below are reprinted in this Petition's Appendix, Ax S to U. All exhibits at trial are grouped together in the record as R 296. For clarity, any reference to an individual exhibit in R 296 will be to its plaintiff's or defendants' trial exhibit identification number, "PTE ___" or "DTE ___".

regardless of subject matter, and to document the system designed, from initial study and general design stages through the detailed system design stage and implementation, testing, and modification of the system. T 57, 128-29, 136, 159-66, 452-53, 1669-70, 2559-60. It is the instruction book, a "how-to" guide written in plain English. It is not a computer program or software, nor is it written in any computer language.

Mayo of AY, who headed up the AY/H-D team, was conceded by MBA to be an expert in the field of MIS design and standards manuals. T 867, 876.

II. PROCEEDINGS IN THE CIRCUIT COURT

MBA alleged that on July 2, 1974 it made a sales presentation of PRIDE, its MIS design package, to H-D and AY and that a non-disclosure form was executed by petitioners. Ax A-4, 5, 8 and 9. MBA also alleged that AY and H-D used the information disclosed on July 2, 1974 to "duplicate, copy, appropriate and reproduce [PRIDE]. . . in substantially the same or identical form." Ax A-6.

AY filed a supplemental counterclaim for declaratory relief alleging that there was no trade secret in PRIDE and that MBA did not even own its "secret". R 65, 66; Ax D.

AY and H-D moved for summary judgment in 1975 on the ground that MBA's voluntary election of a federal copyright in the PRIDE manuals precluded any trade secret claim. R 15, 16, 24, 32. The Circuit Court, Leander Foley presiding, denied the motion *only* because he believed -- albeit erroneously as the Court of Appeals held -- that no publication under the copyright laws occurred. R 39, 40; Ax F-6.

After the jury's verdict for MBA, R 236, and a Memorandum Decision denying defendants' post-verdict motions, R 335, Ax H, MBA was unable to prepare a satisfactory order and judgment concerning its claim for an injunction because it could not identify the secret. *Infra* at 24. AY and H-D moved for reconsideration of the Memorandum Decision,

arguing that MBA's repeated inability to specify its secret confirmed the verdict's error. R 268, 271. The motion was denied. R 305 at 23-28. Unable to identify its secret MBA then abandoned its injunctive claim. Judgment was entered against AY and H-D for $10,000. Ax I.

III. PROCEEDINGS IN THE COURT OF APPEALS

Recognizing the complexity of this case, the Court of Appeals found good cause for the filing by AY and H-D of an 85 page opening brief. (Court of Appeals' Order dated April 20, 1981 in Case No. 80-1935.) The Court of Appeals then, *sua sponte* under § 809.61 Wis. Stats., certified this case for direct appeal to this Court because it would "result in the development of new law in Wisconsin." (Certification by Court of Appeals of Wisconsin in Case No. 80-1935 at 4.) This Court refused the certification. After oral argument, the judgment was affirmed. Ax S.

ARGUMENT

I THE U.S. CONSTITUTION BARS WISCONSIN FROM EXTENDING ITS TRADE SECRET PROTECTION TO INFORMATION EMBODIED IN A PUBLISHED COPYRIGHTED WORK

The Court of Appeals found that MBA published PRIDE in 1971 and 1973, and thus secured a valid and enforceable federal copyright.[3] Ax S-12. This correct holding is critical because both the Circuit Court and MBA conceded that no trade secret could exist in any information contained in a published work, *infra* at 8, and it requires a determination by this Court that, under the United States Constitution, MBA cannot be

3. A copyright is secured simply by publication of the work with the required copyright notice affixed thereon. 17 U.S.C. §§ 10, 19. *See* n. 4 *infra*.

accorded trade secret protection because it holds a copyright for the same material sought to be protected under the state trade secret law.

A. The Copyright Act of 1909 Requires That in Exchange for Federal Copyright Protection The Information In A Copyrighted Work Is Dedicated, As A Matter of Law, To The Public For Unrestricted Use.

Pursuant to the Patent and Copyright Clause of the U.S. Constitution, art. I, § 8, cl. 8, Congress granted creators the *exclusive* nationwide right to promote their works and to sue infringers of the copyright for damages and injunctive relief in the federal courts. 17 U.S.C. §§ 1, 24, 101 (1964).[4] *See generally*, NIMMER ON COPYRIGHT (1980 ed.), Chapters 2, 8, 12-14 ("NIMMER").[5]

In return for this monopoly, Congress requires the creator to give up something in exchange. "Unlike a patent, the information disclosed [under a copyright] is lodged in the public domain, where its use is unrestricted." *Crume v. Pacific Mutual Life Insurance Co.*, 140 F.2d 182, 183 (7th

4. The events at issue occurred prior to January 1, 1978, when a complete revision of the Copyright Act of 1909 took effect. Copyright Act of 1976, 17 U.S.C. § 101, *et seq.* (1976). Pursuant to that revision, "[a]ll causes of action that arose under Title 17 before January 1, 1978 shall be governed by Title 17 as it existed when the cause of action arose." 17 U.S.C. Transitional and Supplementary Provisions § 112 (1976). All citations refer to the Copyright Act of 1909, 17 U.S.C. §§ 1-116 (1964), as it existed prior to revision. Copies of pertinent sections are reprinted in Ax K.

5. The justification for such monopoly "is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts'." *Mazer v. Stein*, 347 U.S. 201, 219 (1954). *See* 1 NIMMER, § 1.03[A] at 1-28 to 29. Progress and diffusion of knowledge are to be furthered by the granting of "valuable, enforceable rights to authors, publishers, etc.," *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 36 (1939). The primary purpose of the Copyright Clause, therefore, is to promote and induce the progress of science and the useful arts through the federal protective scheme, *Goldstein v. California*, 412 U.S. 546, 555 (1973), not to reward the author. 1 NIMMER, § 1.03[A] at 1-28.

Cir.), *cert. denied*, 322 U.S. 755 (1944). *See also* S. REP. NO. 473, 94th CONG., 1st SESS. 113 (1975) [publication under the 1909 Act was intended to be the "practical dividing line between common law and statutory protection"]. Judge Learned Hand, one of the most distinguished jurists of copyright law, stated the proposition most clearly. "[P]ublication of a copyrightable 'work' puts that 'work' into the public domain *except insofar as it may be protected by copyright*. That has been unquestioned law since 1774 and courts have often spoken of it as a 'dedication' by its 'author or proprietor.'" *National Comics Publications Inc.v. Fawcett Publications, Inc.*, 191 F.2d 594, 598 (2d Cir. 1951) (emphasis added). The enumerated rights reserved to the author (control of copying, reprinting, etc.) do *not* include any right to control use of the knowledge embodied in the work. 17 U.S.C. § 1. Any member of the public therefore may make "open and free" use of the contents of a copyrighted work as long as the rights granted by 17 U.S.C. § 1 are not infringed. *See Lemelson v. Kellogg*, 440 F.2d 986, 987 (2d Cir. 1971) ["no cause of action for the use of an idea claimed to have been communicated in confidence when the idea has been made public by the issuance of a copyright"]; *The Letter Edged in Black Press, Inc. v. Public Building Commission of Chicago*, 320 F. Supp. 1303, 1308 (N.D. Ill. 1970); *Baker v. Selden*, 101 U.S. 99, 104 (1880); ABA COMMITTEE REPORTS, SECTION OF PATENT, TRADEMARK AND COPYRIGHT LAW 91, 92 (1981) ("ABA REPORT"). The federal monopoly may not be extended or enlarged but must be enjoyed only on the terms and conditions specified. *F.E.L. Publications, Ltd. v. Catholic Bishop of Chicago*, 506 F. Supp. 1127, 1136 (N.D. Ill. 1981).

More accurately characterized as a forfeiture than as a dedication, the relinquishment of the right to control the ideas inherent in a work occurs as a matter of law upon publication, even if the author had no subjective purpose or

intent to dedicate to unrestricted public use. *National Comics Publications Inc. v. Fawcett Publications, Inc.*, 191 F.2d at 598; *Data Cash Systems, Inc. v. JS&A Group, Inc.*, 628 F.2d 1038, 1043 (7th Cir. 1980); *see* 1 NIMMER § 4.13[D]. This substitution of new rights under the monopoly of the federal copyright statute, intended to compensate for the resulting loss of common law protection, is "at the heart of copyright law" and its express goal of inducing disclosure to and use by the public. *Data Cash Systems, Inc. v. JS&A Group, Inc.*, 628 F.2d at 1043, citing A. LATMAN, THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISITED 112 (5th ed. 1979).

Both the Circuit Court and MBA agreed that if a publication occurred, trade secret protection was forfeited. In ruling on petitioners' initial summary judgment motion in 1976 and on the post-verdict motions again raising the issue, Judge Foley denied the motions simply because he concluded there was no publication. Axs F-6, H-33 to 34. At the hearing in 1976 MBA conceded that if publication occurred, no trade secret could possibly exist "[a]s to the subject matter which is per se disclosed in that document." Ax T.[6]

Despite the clarity of the foregoing, the Court of Appeals erroneously believed that state law could nonetheless be invoked to protect the information embodied in the published copyrighted work PRIDE. Ax S-19. The Court of Appeals' error is plain because the constitutional issue presented here is not one of preemption of trade secrets *per se* by Congress but of *supremacy* of federal intellectual property protection over a state scheme which impairs and thwarts the federal scheme's express goals and purposes.

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6. This Court has also indicated that publication destroys any trade secret claim. *Abbott*, 33 W.2d at 457, 462, 464 n.15. *Accord, Technicon Medical Information Systems Corp. v. Green Bay Packaging, Inc.*, [1978-81] COPY. L. DEC. (CCH) ¶25,255 at 16,467 (E.D. Wis. 1980), *appeal docketed*, No. 81-1469 (7th Cir., March 6, 1981).

B. When Different and Alternative Federal And State Theories of Intellectual Property Protection Are Invoked Simultaneously, The State Law Must Give Way If It Unduly Impairs The Operation and Purposes Of The Federal Scheme.

It is clear that the states and the federal government may each, in their own way, regulate intellectual property. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 479 (1974) ("*Kewanee*"). *Cf. Goldstein v. California, supra; Mercury Record Productions, Inc. v. Economic Consultants, Inc.*, 64 Wis. 2d 163, 218 N.W. 2d 705 (1974) (upholding the states' power to freely regulate record piracy as the Copyright Act then in effect did not regulate record copyrights). Simply because Congress has not exclusively preempted an entire field, however, does not mean that there can never be a conflict with a state's protection. Preemption is but a single form of conflict under the Supremacy Clause. U.S. Const., art. VI. LUCARELLI, "The Supremacy of Federal Copyright Law Over State Trade Secret Law For Copyrightable Computer Programs Marked With a Copyright Notice", 3 COMPUTER LAW JOURNAL 19, 21 (1981) ("LUCARELLI"). Thus, "state and federal laws need not be contradictory on their face for the latter to *supersede*" because the conflict may be more subtle. TRIBE, AMERICAN CONSTITUTIONAL LAW § 6-24 at 378 (1978) (emphasis added). Otherwise acceptable state action must yield if it discourages conduct the federal action seeks to encourage. *Id.*

As framed by the seminal decision in *Hines* v. *Davidowitz*, 312 U.S. 52, 67 (1941), the question is whether the state law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Accord*, *Kewanee*, 416 U.S. at 479; *Perez* v. *Campbell*, 402 U.S. 637, 649 (1971); *Nash* v. *Florida Industrial Commission*, 389 U.S. 235, 238-39 (1967).

Guidance as to when state protection of intellectual property must yield was set forth in *Kewanee* when the Supreme Court addressed the rare situation in which the intellectual property (a chemical process) was clearly eligible for federal protection (a patent), but the creator voluntarily disclaimed and irrevocably abandoned any federal protection and relied solely on state trade secret protection. 416 U.S. at 473-74. Faced with a creator who intentionally avoided the federal scheme's dedication and disclosure by which Congress intended to promote the public good, *id.* at 480-81, the Supreme Court upheld the constitutionality of a unilateral election of state law protection only. *Id.* at 492-93. The Court did so because it was only a "remote" possibility that a creator would abandon the substantial federal protection and elect the "far weaker protection" of state trade secret laws to guard a clearly patentable process. *Id.* at 489-490. Central to the Court's conclusion that the two different systems could continue to co-exist, *id.* at 493, was its view that the two modes of protection were *alternative*: secrecy versus disclosure and dedication.[7] *Id.* at 475-78, 483-84. *See also* ABA REPORT at 92-93. The Supreme Court cautioned that if state protection respecting trade secrets clashed with federal objectives, then "the state law must fall." 416 U.S. at 480.

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7. Other cases also have considered the alternative nature of federal and state protection of intellectual property. *E.g., Forest Laboratories, Inc. v. Formulations, Inc.*, 299 F. Supp. 202, 207 (E.D. Wis. 1969), *aff'd sub nom. Forest Laboratories, Inc. v. Pillsbury Co.*, 452 F.2d 621 (7th Cir. 1971):

> When the patent was issued, he dedicated his information to the public in return for monopoly. To permit him to have both a monopoly and a [trade secret] cause of action for subsequent disclosure in [sic] inequitable.

See also, Dow Chemical Corp. v. American Bromine Co., 210 Mich. 262, 177 N.W. 996, 1005 (1920):

> An inventor . . . has two courses open to him: First, to patent [his discovery], thus securing an absolute monopoly for a limited time; or, second, to keep his invention a secret, by which means he gets an imperfect monopoly for an indefinite period.

Unlike the plaintiff in *Kewanee*, however, MBA did not elect the exclusive alternative of seeking protection only under the state trade secret laws and reject the federal protection. It copyrighted PRIDE through publication. Ax S-12; LUCARELLI at 50. MBA's voluntarily election placed its PRIDE manuals and forms, especially the ideas therein, in the public domain and reserved to itself only the exclusive rights afforded by 17 U.S.C. § 1. *Supra* at 6-8; ABA REPORT at 92. It is unconstitutional for Wisconsin law also to secure simultaneously to MBA the right to control use of the ideas. That right has been forfeited by MBA as matter of federal law, *id.*, and it cannot be resurrected by MBA under the guise of Wisconsin state trade secret law. *Supra* at 6-8; ABA REPORT at 93; LUCARELLI at 43-51.[8] "[T]hat which is in the public domain cannot be removed therefrom by action of the States." *Kewanee*, 416 U.S. at 481; *Goldstein* v. *California*, 412 U.S. at 559; *Baker* v. *Selden*, 101 U.S. at 104; *SynercomTechnology, Inc.* v. *University Computing Co.*, 474 F. Supp 37, 43-44 (N.D. Tex. 1979).

The Court of Appeals' error is thus readily apparent. Its focus on only one form of supremacy, total preemption, and the co-existence in the abstract of dual schemes of protection, Ax S-14-19, misses the genuine issue—impermissible impairment by state secrecy law of the federal copyright law's mandated forfeiture/ dedication to the public of the ideas and concepts embodied in a federally copyrighted work.[9] The Supremacy Clause operates here not by Congress' express preemption of the entire field, but by MBA's

8. State trade secret protection does not satisfy a federal policy of disclosure to the public. *See Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 266 (1979).

9. Petitioners never argued below that total preemption applied here and the Court of Appeals' error on that point resulted from its own misunderstanding. Further, the Court of Appeals' discussion concerning the Copyright Act of 1976 is entirely irrelevant and misses the issue. This case is governed by the 1909 Act, not by the 1976 Act. *Supra* n. 4. Under the 1909 Act, publication is the mechanism activating the Supremacy Clause. LUCARELLI at 23. Indeed, even under the 1976

election of a valid federal copyright through publication, *i.e.*, a voluntary choice between the different "particular roles" of each system. *See* LUCARELLI at 43-51. Indeed, it is precisely because there is a line of demarcation between the protections of trade secret and copyright, Ax S-14, that MBA cannot simultaneously claim the full benefit of both. *E.g.*, ABA REPORT at 93. It is restricted to its copyright in PRIDE.[10]

The Court of Appeals correctly held that MBA published PRIDE, but misunderstood the full ramifications under the U.S. Constitution of its holding. This Court should review and reverse the lower court's error of law and hold that Wisconsin trade secret law may not be invoked and MBA is limited to its copyright claim.

[REMAINDER OF PETITION DEALING WITH STATE TRADE SECRET LAW ISSUES NOT REPRINTED.]

Act, the public policy to encourage dissemination of ideas may make it inappropriate for a state to protect ideas embodied in published works. *See* A. LATMAN, "Copyright Law", 3 1980 ANNUAL SURVEY OF AMERICAN LAW 433, 441 (1981).

10. Since Bryce admitted that he conveyed nothing orally on July 2, 1974 which was not in the PRIDE manuals, T 793-98, the Court of Appeals' reference to verbal aspects of PRIDE is meaningless. Ax S-15. Even assuming *arguendo* that a few scraps of information, not in the copyrighted manuals, were transmitted orally, MBA could only claim a trade secret in such additional matters alone and to the extent they were not covered in the manuals and met the stringent criteria of a trade secret. *See Laurie Visual Etudes, Inc. v. Chesebrough Pond's, Inc.*, 83 A.D. 2d 505, 441 N.Y.S. 2d 88 (1st Dept. 1981). The alleged trade secret here was found to be in the PRIDE manuals. Ax G-1. Thus, at a minimum, a retrial would be required to see if MBA could identify and prove a secret under *Abbott* concerning matters not in the manuals. (*See also* T 763, 773, where Bryce said he could not remember what he said on July 2, 1974.)

COURT OF APPEALS DECISION
DATED MARCH 26, 1982

No. 80-1935

STATE OF WISCONSIN

IN COURT OF APPEALS DISTRICT 1

M. BRYCE & ASSOCIATES, INC.,
a foreign corporation,
Plaintiff-Respondent,

v.

WILLIAM GLADSTONE AND RODNEY LANG, D/B/A ARTHUR YOUNG & CO., AND HARLEY DAVIDSON MOTOR CO., INC. -- SUBSIDIARY AMF INCORPORATED,
Defendants-Appellants,

HARRY D. MAYO, III, AND JOHN E. CHAPEL,
Defendants.

APPEAL from a judgment of the circuit court for Milwaukee county: LEANDER J. FOLEY, JR., Judge. *Affirmed.*

Before Decker, C.J., Moser, P.J. and Randa, J.

RANDA, J. The plaintiff, M. Bryce & Associates, Inc. (MBA), contends that the defendants, Arthur Young & Co. (Young) and Harley-Davidson Motor Co., Inc. (Harley-Davidson), took and used for their own benefit MBA's "trade secret" contained in a methodology for the design of management information systems -- PRIDE (*PR*ofitable *I*nformation by *DE*sign). The jury returned a verdict in favor of MBA and the trial court entered judgment against Young and Harley-Davidson. We affirm.

In May, 1974, Young agreed to assist Harley-Davidson in revamping its internal operating systems. One of the projects was to design a management information systems standards manual (MIS). Harry Mayo (Mayo), Young's employee, and John Chapel (Chapel), Harley-Davidson's employee, were assigned to this project. Both were experienced in MIS design. They began their work in May, 1974.

In June, 1974, Gerald Myers (Myers), a Harley-Davidson employee, suggested that one of the commercially available MIS methodologies, PRIDE, marketed by MBA, be considered. On June 19, 1974, Mayo called Milton Bryce, MBA's president, and arranged for a sales presentation at Harley-Davidson on July 2, 1974.

The demonstration of PRIDE lasted approximately one full day. During the morning session, Bryce explained in general terms what PRIDE could accomplish and how it could benefit the business. Before going into the details of PRIDE at the afternoon session, Bryce required all participants to sign a non-disclosure form. Present at this time were Mayo of Young, and Chapel, Myers, Beach and Bryan of Harley-Davidson. Only Mayo, Bryan and Chapel signed this form. Nonetheless, Bryce continued with the afternoon session with the non-signers present.

After the afternoon presentation, employees of both Young and Harley-Davidson were impressed with the PRIDE system. During the next week Young and Harley-Davidson discussed whether Harley-Davidson should purchase PRIDE or stay with the work of Chapel and Mayo. A decision was made not to purchase PRIDE. The reason given for this decision was that PRIDE was not an economical choice in light of the time and effort already invested by Mayo for which Harley-Davidson still would have to reimburse Young.

Mayo and Chapel continued their work on MIS. The final version of their draft manual was submitted in August,

1974. Certain Harley-Davidson personnel were unhappy with the draft and requested changes that were needed to be made. The project was concluded in mid-October, 1974.

Subsequent to the submission of their draft, Mayo and Chapel learned that an independent standards drafting team had been set up at Harley-Davidson and was headed by Stuart Moebus (Moebus). In October, 1974, the Mayo and Chapel version of the manual was given to Moebus who revised it based on his team's independent work. The Harley-Davidson manual was issued in final draft form on January 10, 1975.

MBA filed its complaint in 1975 contending that Young and Harley-Davidson through their agents and employees, Mayo and Chapel, used the information disclosed on July 2, 1974, to duplicate, copy, appropriate and reproduce PRIDE without authorization, license or right, in substantially the same or identical form. MBA requested a permanent injunction and an award of compensatory damages.

Young filed a supplemental counterclaim for declaratory relief alleging there was no trade secret in PRIDE and that MBA did not own its supposed secret because MBA copied the methodology of Bryce's prior employer, Tek-Fax. MBA denied the allegations and asserted the affirmative defense that Young was estopped to attack PRIDE's trade secret status because its employees had signed a non-disclosure form for PRIDE.

Young and Harley-Davidson's motion for summary judgment on the ground that MBA's voluntary election of a federal copyright in the PRIDE manuals precluded any trade secret claim was denied. Young and Harley-Davidson's motion for summary judgment on the ground that the admissions of MBA and its expert witness indisputedly showed that the PRIDE "secret" was not taken or used by Young or Harley-Davidson was also denied. Young and Harley-Davidson successfully moved to strike MBA's affirmative defense of estoppel concerning the supplemental

counterclaim. Before the trial court instructed the jury, Young and Harley-Davidson agreed to assume responsibility for all the acts of Chapel and Mayo, and the action against Chapel and Mayo was dismissed.

At the close of the evidence, the case was submitted to the jury on a nine-question special verdict.[1] Questions 1, 2, 3,

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1. QUESTION NO. 1:

I At the time of the sales presentation of July 2, 1974, did the plaintiff M. Bryce & Associates have a trade secret in any of the following respects:

A) In the three volumes of "PRIDE" together with M. Bryce's presentation of July 2, 1974?

Answer: Yes

B) The Data Management Section of "PRIDE"?

Answer: Yes

QUESTION NO. 2:

If you answer "No" to all of the subdivisions of Question No. 1, then do not answer Question Nos. 2 and 3, and go to Question No. 4.

If you answer and [sic] part of Question No. 1 "Yes" then answer the following question:

Was the trade secret found by you in Question No. 1 disclosed in a confidential relationship to the defendants at the sales presentation of July 2, 1974?

Answer: Yes

QUESTION NO. 3:

If you answer Question No. 2 "Yes" then answer the following question:

Did one or both of the following defendants use the trade secret found by you:

A) Arthur Young?

Answer: Yes

B) Harley-Davidson?

Answer: Yes

QUESTION NO. 4:

Did one or both of the defendants named below sign the Non-Disclosure Agreement on July 2, 1974:

A) Arthur Young?

ANSWERED BY THE COURT: Yes

B) Harley-Davidson?

and 8 pertained to the "alleged" trade secret and questions 4, 5, 6, and 9 pertained to the non-disclosure agreement. In summary, the jury concluded that (i) MBA had a trade secret; (ii) the trade secret was disclosed in a confidential relationship; (iii) the trade secret was used by both Young

ANSWERED BY THE COURT: Yes

QUESTION NO. 5:

Was the information disclosed at the presentation after the signing of the Non-Disclosure Agreement of July 2, 1974, proprietary (secret and confidential)?

Answer: Yes

QUESTION NO. 6:

If you answer Question No. 5 "Yes" then answer this question:

Was the proprietary (secret and confidential) information found by you in Question No. 5 used by one or both of the following defendants:

A) Arthur Young?

Answer: Yes

B) Harley-Davidson?

Answer: Yes

QUESTION NO. 7:

What sum of money will fairly and reasonably compensate the plaintiff for damages they sustained because of the use of the trade secret and/or proprietary (secret or confindential) information as found by you?

ANSWERED BY COURT: $10,000.00

QUESTION NO. 8:

If you answer Question No. 1 "Yes" then answer this question:

Was the trade secret found by you in answer to Question No. 1 in fact developed by TekFax and appropriated by M. Bryce and Associates?

Answer: No

QUESTION NO. 9:

If you answer Question No. 5 "Yes" then answer this question:

Was the proprietary (confidential and secret) information found by you in answer to Question No. 5 in fact developed by TekFax and appropriated by M. Bryce and Associates?

Answer: No

and Harley-Davidson; and (iv) the trade secret had not been appropriated by MBA from Tek-Fax. The trial court entered judgment for MBA.

Motions after verdict by Young and Harley-Davidson were filed, briefed, and denied in a 35-page opinion by the trial court. This appeal by Young and Harley-Davidson followed. The following issues are raised on appeal:

1. Did MBA have a trade secret in the three volumes of PRIDE together with Bryce's presentation of July 2, 1974, and the Data Management Section of "Pride"?
2. Is there credible evidence to support the jury's finding that Young and Harley-Davidson used MBA's trade secret?
3. Did MBA's voluntary use of a copyright notice on the PRIDE manual prevent the state of Wisconsin from applying its trade secret law to bar use by others of the information contained in the work?
4. Is there credible evidence to support the jury's finding that MBA's trade secret was not developed by Tek-Fax and appropriated by MBA?
5. When employees Chapel and Mayo were dismissed from the case pursuant to an agreement between counsel and and the trial court that employers Young and Harley-Davidson were responsible for their employees' acts, were the employees discharged by operation of law?

I. EXISTENCE OF A TRADE SECRET

In *Abbott Laboratories v. Norse Chemical Corp.*, 33 Wis.2d 445, 147 N.W.2d 529 (1967), our supreme court considered the following six factors as being relevant in determining whether the material sought to be protected is a trade secret:

". . . Some factors to be considered in determining whether given information is one's trade secret are: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others." *Id.* at 463-64, 147 N.W.2d at 538-39 (quoting Restatement (First) of Torts § 757, comment b (1939)).

The question of whether the evidence in this case fulfills the criteria necessary to constitute a trade secret is a question of law. *Department of Revenue v. Exxon Corp.*, 90 Wis.2d 700, 713, 281 N.W.2d 94, 101 (1979), *aff'd*, 447 U.S. 207 (1980). As to questions of law, this court need not give special deference to the trial court's determination. *First National Leasing Corp. v. City of Madison*, 81 Wis.2d 205, 208, 260 N.W.2d 251, 253 (1977).

After the jury returned their verdict, the trial court reviewed the evidence and stated its reasons for sustaining the jury's verdict. As to the six factors enumerated in *Abbott*, the trial court found the following facts in support of those six factors:

1) The extent to which the information is known outside of the plaintiff's business is supported by the following evidence:

The people involved in the afternoon session and those involved in the preparation of the standards manual for Harley-Davidson all were impressed with the "PRIDE" material and the information given at the afternoon session to such a degree that one of the defendants himself, "an expert," was willing to pay the $10,000.00 for information. This, inferentially, attests

to the fact that the concept was not known; the testimony of Bryce concerning the method in which he protected the confidentiality from getting outside his business; the fact that the product is never sold without the expressed agreement to maintain confidentiality.

The defendants have in a very thorough manner gone over the material presented in the sales literature and the "state of the art" at the time of the misappropriation and argue that all or any trade secret was known or spelled out by the plaintiff in a public advertisement (Plaintiff's Exhibit 201 and 219). This evidence was presented to the jury. The evidence the jury could have believed was that demonstrated to them, the actual portraying of the methodology in the specific case study and the detailed unique uses of the generally known components. Those adverstisements could have been interpreted by the jury to define the "what" of "PRIDE" but certainly not the "*how*" and "why" which they found the defendants heard and saw and used.

2) The extent to which it is known by employees and others involved in his business. Here again, Mr. Bryce's testimony is sufficient for the jury to draw reasonable inferences that all employees were informed of the confidential nature of the material with the pledge of keeping it secret.

3) The extent or measures taken by him to guard the secrecy of the information; the signing of the Non-Disclosure Agreement by every person that was at a sales meeting where a secret portion of the sales presentation was made; the testimony concerning Bordens, the fact that their employee was cognizant of the pledge of secrecy; the testimony concerning the July 2, 1974, meeting relating to signing the agreement and the oral warnings; and while one of the parties is

alleged not to have signed the agreement, there is evidence that that party was on notice orally. The documents themselves say it. Bryce referred to secrecy a number of times during his presentation. All is sufficient evidence to support a conclusion that that factor was covered.

4) The value of the information to him and to his competitors is supported by the amounts paid for the product and the fact that many knowledgeable people at Harley-Davidson and Arthur Young found it valuable.

5) The amount of effort or money expended by him in developing the information system. The record is replete with evidence, the number of days that he spent in drafting the documents, his wife's work, the efforts in upgrading it and keeping it current to society's needs.

6) The ease or difficulty with which the information could be properly acquire [sic] or duplicated by others. There was a search for a methodolgy by Dr. DuBois, by Arthur Young, Harry Mayo. There is the cost that was made by Harley-Davidson to develop a manual. Generally the list of "PRIDE" customers shows the cost and inferentially the difficulty or ease with which an information system would be created, let alone a system that was so highly specialized. The jury could draw the inference that because these experts recognized this as a unique contribution, that experienced persons in the data processing industry would have difficulty in acquiring the concepts and implement them as they were done in "PRIDE".

After a thorough review of the record, we agree with the trial court's conclusion that all six factors stated in *Abbott* are sufficiently supported by the evidence. Since the evidence in this case fulfills the criteria necessary to constitute a trade secret, we conclude that, as a matter of law, a trade secret existed.

II. USE OF A TRADE SECRET

Young and Harley-Davidson contend that in order for the jury to have found "use" by Young or Harley-Davidson of MBA's trade secret, Young or Harley-Davidson must be found to have "precisely duplicated" or "copied" MBA's trade secret. We disagree.

Our supreme court has concluded that sec. 757 of Restatement (First) of Torts (1939) is the correct statement of the general law of trade secrets. *Abbott, supra*, 33 Wis.2d at 456, 147 N.W.2d at 534. The trial court, in instructing the jury as to a "use" of a trade secret, quoted directly from comment c of sec. 757. The trial court said:

> To subject a person to liability for use of another's trade secret, there is no requirement that he use it exactly in the form that he received it. He may be liable even if [he] uses it with modification -- modifications or improvements upon it affected by his own efforts.
>
> Differences in detail do not preclude liability if substantially the process used by the actor is derived from the other's secret in breach of a relationship of trust and confidence.
>
> The liability if [sic] avoided only when the contribution by the other's secret is so slight that the actor's process can be said to be derived from other sources.

We conclude that the trial court's instruction is a correct statement of the law in this area.

The jury found that both Young and Harley-Davidson used MBA's trade secret. The jury's verdict had the approval of the trial court.

On appeal, we will view the evidence in a light most favorable to the verdict and sustain the verdict if there is any credible evidence to support it. *Coryell v. Conn*, 88 Wis.2d 310, 315, 276 N.W.2d 723, 727 (1979). The jury's decision is entitled to even greater weight on appeal, where, as

here, the verdict has the approval of the trial court. *Meurer v. ITT General Controls*, 90 Wis.2d 438, 450, 280 N.W.2d 156, 162 (1979).

After a review of the record, we agree with the trial court's conclusion that the jury verdict is sustained by the credible evidence. Specifically the trial court found:

> Here the testimony of Dr. Dubois [sic] and Dr. Heintz both identify similarities. The exhibits used by Dr. DuBois and the testimony of Mr. Bryce could have been related by the jury to identify the use of the trade secret. Dr. Heintz said "although not identical, very similar" as he talked of the procedures and techniques which are the trade secret. Heintz leaves the question of the violation of the proprietary nature of "PRIDE" to the jury. Then he suggested that if it were a copying that went into the preparation that he would have to know the experience of the persons, their prior knowledge and the work papers that form the foundation in the preparation of the manual.
>
> There is testimony of similarities in the work papers that relate to periods after June 26th and after July 2nd. There is Bryce's testimony; Mayo's testimony; a reference in the log of John Chapel dated July 16, 1974, concerning Dave Bryan's contribution; the comparison made by Dr. DuBois in the arrow charts, Exhibit 225, which illustrates the comparison of the Data Management Section of "PRIDE" and the forms taken from Harley-Davidson's manual; Dr. DuBois's reference to the real use of the subsystem concept in the implementation of the Harley-Davidson information system. Finally, there is the accidental use of the word "subsystems" by Harley-Davidson in the work papers and the motive of getting the Harley-Davidson manual out as quickly as possible.

III. COPYRIGHT LAW

Because the events in this case occurred prior to January 1, 1978, when a complete revision of the Copyright Act of 1909 took effect, this case is governed by the Copyright Act of 1909.[2] Under the 1909 Act, "publication" was the central, operative feature of the copyright law. *See generally* 1 M. Nimmer, Nimmer on Copyright § 4.01 (1981). State common-law copyright existed only until the first publication of the work. *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339, 346-47 (1908). Federal statutory protection was secured by publishing the work with the appropriate copyright notice. 17 U.S.C. § 10. If the work was published without notice, in most cases the work would irretrievably enter the public domain. *Bobbs-Merrill v. Straus*, *supra*, 210 U.S. at 347. The importance of "publication" gave rise to a considerable body of cases deciding whether a work had been "published" in particular circumstances. *See* 1 Nimmer on Copyright, *supra*, at § 4.04.

In order to mitigate the harsh rule that publication divests common-law rights, courts evolved a distinction between a "general publication" and a "limited publication". Only a general publication would divest common-law rights. *Masterson v. McCroskie*, 556 P.2d 1231, 1233 (Colo. App. 1976).

A limited publication has been held to be a publication "which communicates the contents of a manuscript to a definitely selected group and for a limited purpose, and without the right of diffusion, reproduction, distribution or sale . . . ." *White v. Kimmell*, 193 F.2d 744, 746-47 (9th Cir. 1952). Both persons and use must be restricted.

In compliance with 17 U.S.C. § 19, MBA placed a copyright notice, the publication date of 1971 and/or 1973, and the identification of MBA as the copyright holder on all its

2. All citations are to the 1970 version of Title 17 of the United States Code unless otherwise indicated.

PRIDE manuals and forms. Nevertheless, MBA argues that there was no general publication, notwithstanding its use of the copyright notice.

Bryce testified that customers using PRIDE are allowed unlimited reproduction of PRIDE manuals and forms as long as MBA's copyright notice is included and that MBA cannot account for the number or whereabouts of such copies.[3] When principal facts and the reasonable inferences are

3. Mr. Bryce testified as follows:

Q Now, when you sold "PRIDE" beginning in 1971, you have allowed all your purchasers to print their own forms haven't you?

A Yes, sir, as part of our agreement.

Q And all they need to do is put the copyright symbol on it, that is all that is required of them, isn't it?

A No, I think if I remember correctly, in our agreement they have to maintain the copyright and a trade mark of "PRIDE".

Q And you don't know how many of these forms have been printed, do you, by customers?

A No, sir.

Q And you don't know where they have been printed, do you?

A No, sir.

Q And you don't know where all of these forms exist that were printed, do you?

A No, sir.

Q Also your customer sic are allowed to reprint copies of the M. Bryce & Associates manuals, are they not?

A Yes.

Q And you don't know whether [sic] any have been reprinted do you?

A I'm sorry, would you repeat that question?

(Whereupon the above pending question was read back by the reporter.)

THE WITNESS: Our manuals have been reprinted by customers.

MR. KLOEHN:

Q You know of some?

A Yes.

Q But you don't know of all of them, do you?

A No, sir.

Q And you don't know where all of the copies are today?

A No, sir.

Q You don't check up on your customers with a careful audit to determine what they are doing with your manuals, do you?

(continued on next page)

undisputed, as they are here, we are not bound by the findings of the trial court. *State v. Williams*, 104 Wis.2d 15, 21, 310 N.W.2d 601, 604-05 (1981). We conclude that a general publication occurred in the manner in which MBA disseminated its PRIDE manuals and forms. *See White v. Kimmell, supra*, 193 F.2d at 747.

Further, the limited publication exception arose in circumstances quite different from this case. If the author disseminated his work without a copyright notice and if it was held that a publication had occurred, the author's protection was forfeited. *National Comics Publications v. Fawcett Publications, Inc.*, 191 F.2d 594, 598 (2d Cir. 1951). Where finding a general publication would divest the author of the benefit of his work, courts have avoided a complete forfeiture by concluding that a limited publication occurred. *Compare Pierce & Bushnell Manuf'g Co. v. Weckmeister*, 72 F. 54 (1st Cir. 1896) (holding that exhibition of a painting in a public art gallery was sufficient publication to entitle plaintiff to recover under the Copyright Act) *with Werckmeister v. American Lithographics Co.*, 134 F. 321 (2d Cir. 1904) (holding that exhibition of a painting in a public gallery did not constitute publication divesting a plaintiff of his common law protection.) Courts were more likely to find a general publication despite less dissemination where the issue was whether a publication was sufficient to invest copyright protection. *Hirshon v. United Artists Corp.*, 243 F.2d 640, 644-45 (D.C. Cir. 1957).

(footnote 3 continued)

A We do periodically.

Q And how do you conduct this audit?

A We have a form that we send out and we tell them, the manuals we have, our records, and we ask them to account for them.

Q When did you start doing that?

A We did that informally almost from the beginning, but we started to formalize it.

Q By "informal" meaning you called them on the telephone?

A We called them on the phone.

Q Now, you simply signed out a form?

A Out [sic] customer base has grown since then.

The inquiry here is not whether MBA published the PRIDE manuals and forms without any notice and was thereby divested of all copyright protection. Rather the issue here is whether a publication occurred that would invest a federal copyright in the PRIDE manuals and forms and thus accord MBA federal protection. We conclude that such an investiture occurred.

Having concluded that a general publication occurred, we must determine whether MBA's voluntary use of the federal copyright notice on PRIDE's manuals and forms prevents the state of Wisconsin from applying its trade secret law to bar use by others of the information contained in the work.

Young and Harley-Davidson contend that MBA by publishing its PRIDE manual and forms have invoked the federal copyright laws, thus limiting their recovery to a federal copyright infringment claim.

Lawyers and the courts have been plagued by the uncertainty of the interplay between state trade secret law and federal copyright protection. *See generally* Diamond, *Preemption of State Law*, 25 Bull. of the Copyright Soc'y of the U.S.A. 204 (1978). This problem is most evident, as is the case here, where a party has marked trade secret documents with a copyright notice and date of publication.

The 1981 ABA Committee Report, Section of Patent, Trademark & Copyright Law, best summarized this conflict as follows:

> The conflict in the dual use of state trade secret and federal copyright protection stems from the inherent substantive differences between them. Copyright protection is the manifestation of the constitutional power to extend a limited commercial monopoly to creators in order to promote the public good through the diffusion of knowledge and the concomitant stimulation of progress and competition in a free society. Copyright protection requires the creator to relinquish, however, all rights save for those reserved and enumerated by the

Copyright Act, i.e., the control of copying and reproduction of the work. Copyrighting a work therefore results in its divulgation to the public, including the ideas inherently embodied therein, and the public may make "open" and "free" use of such material within the strictures of the copyright law.

Conversely, secrecy and non-disclosure are the very essence of state trade secret protection. The creator has a right to perpetual protection of the secret as long as secrecy is maintained, but the risks are substantial. Trade secret protection evaporates upon any disclosure, whether intentional or inadvertent. Nor is any protection afforded against any independent development of the same secret by another or "reverse engineering" of it. In summary, a choice is offered -- an exclusive federal right for a limited time versus an imperfect state law perpetual remedy. 1981 A.B.A. Sec. Pat., Trademark & Copyright L. Rep. 91, 92.

Although we recognize the conflict between state trade secret law and federal copyright law, we conclude that state trade secret protection is not preempted. We reach this conclusion on a number of bases.

1. Demarcation between trade secret protection and copyright protection.

The line of demarcation between trade secret and copyright protection is clear. Trade secret law protects content irrespective of form of expression; copyright law protects form of expression but not the underlying ideas. As the United States Supreme Court stated in *Baker v. Selden*, 101 U.S. 99, 103 (1880):

> The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the

> world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book. And where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public; not given for the purpose of publication in other works explanatory of the art, but for the purpose of practical application.

Trade secret law prohibits unauthorized disclosure or use of protected ideas only by persons who are privy to the trade secret by reason of some relationship to the owner which legally limits use or disclosure by them. Copyright law prohibits unauthorized copying by anyone of the form of expression in which the ideas are fixed by the author. *Id.* at 105.

If state trade secret protection were preempted by federal copyright law, MBA would have to turn to the federal copyright law for protection. Since copyright protection covers only the form of expression, its value to MBA in protecting MBA's interests would be limited. Only MBA's PRIDE manuals and forms would be protected but not MBA's methodology which is embodied also in the oral presentation by Bryce. We conclude that such a preemption of trade secret law by federal copyright law incapable of providing equivalent protection would disrupt an area of property protection which has been found to be of great value.

2. The 1976 Copyright Act.

The 1976 Copyright Act, the earlier versions of the bill and the hearings on the act, make it clear that Congress has not unmistakenly ordained the preemption of trade secrets.[4]

4. Because the 1909 Act does not address the preemption problem, we direct our attention to the 1976 Act as a means of analyzing the federal preemption question. We recognize, however, that this case is governed by the 1909 Act.

In order to analyze the bounds of preemption under the 1976 Copyright Act, 17 U.S.C. §§ 102,[5] 103,[6] and 106[7] (1977) must be considered in conjunction with 17 U.S.C.

5. § 102. Subject Matter of Copyright: In General

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be percieved, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

(1) literary works;

(2) musical works, including any accompanying words;

(3) dramatic works, including any accompanying music;

(4) pantomimes and choreographic works;

(5) pictorial, graphic, and sculptural works;

(6) motion pictures and other audiovisual works; and

(7) sound recordings.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

6. § 103. Subject Matter of Copyright: Compilations And Derivative Works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

7. § 106. Exclusive Rights In Copyrighted Works

Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work; distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(continued on next page)

§ 301 (1976).[8] Section 301 requires that in order for preemption to occur, the following two conditions must coexist: (a) definitions of statutory subject matter of copyright in secs. 102 and 103 are met, and (b) rights equivalent to the exclusive rights of copyright as defined in sec. 106 are violated.

(footnote 7 continued)

(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audio-visual works to perform the copyrighted work publicly; and

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audio-visual work, to display the copyrighted work publicly.

8. § 301. Preemption With Respect To Other Laws.

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

(2) any cause of action arising from undertakings commenced before January 1, 1978; or

(3) *activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.*

(c) With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2047. The preemptive provisions of subsection (a) shall apply to any such rights and remedies pertaining to any cause of action arising from undertakings commenced on and after February 15, 2047. Notwithstanding the provisions of section 303, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title before, on, or after February 15, 2047.

(d) Nothing in this title annuls or limits any rights or remedies under any other Federal statute. [Emphasis added.]

The most troublesome question of preemption is the second condition -- whether an "equivalent right" has been violated. The predecessor bill included the following examples of exceptions to preemption in sec. 301(b)(3):

> (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106, including rights against misappropriation not equivalent to any of such exclusive rights, breaches of contract, breaches of trust, trespass, conversion, invasion of privacy, defamation, and deception [sic] trade practices such as passing off and false representation; or S. Rep. No. 473, 94th Cong., 1st Sess. 20 (1975).

The hearings on this bill state that these examples:

> are intended to illustrate rights and remedies that are different in nature from the rights comprised in a copyright and that may continue to be protected under State common law or statute. The evolving common law rights of "privacy," "publicity," and *trade secrets*, and the general laws of defamation and fraud, would remain unaffected as long as the causes of action contain elements, such as an invasion of personal rights or a breach of trust or confidentiality, that are different in kind from copyright infringement. H.R. Rep. No.1476, 94th Cong., 2nd Sess. 132 (1976). [Emphasis added.]

Congress, rather than clearly stating its intent from a positive viewpoint, approached the preemption question from the negative side by providing examples of when preemption would not be found.

This intent is further complicated by the absence from the 1976 Act of those examples which were included in the final draft. This deletion was preceded by a discussion among three congressmen. They agreed that the examples should

be deleted but seemed to differ on whether this action was to limit or expand preemption. 122 Cong. Rec. H32015 (daily ed. Sept. 22, 1976).[9]

Although confusion arose during the enactment of the 1976 Copyright Act, the thrust of the congressional discussion was in the direction of continued state protection. This

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9. AMENDMENT OFFERED BY MR. SEIBERLING

MR. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Seiberling: Page 127, line 16, strike, "including" and all that follows down through line 20, and insert in lieu thereof a period.

MR. SEIBERLING. Mr. Chairman, my amendment is intended to save the "Federal preemption" of State law section, which is section 301 of the bill, from being inadvertently nullified because of the inclusion of certain examples in the exemptions from preemption.

This amendment would simply strike the examples listed in section 301 (b)(3).

The amendment is strongly supported by the Justice Department, which believes that it would be a serious mistake to cite as an exemption from preemption the doctrine of "misappropriation." The doctrine was created by the Supreme Court in 1922, and it has generally been ignored by the Supreme Court itself and by the lower courts ever since.

Inclusion of a reference to the misappropriation doctrine in this bill, however, could easily be construed by the courts as authorizing the States to pass misappropriation laws. We should not approve such enabling legislation, because a misappropriation law could be so broad as to render the preemption section meaningless.

MR. RAILSBACK. Mr. Chairman, will the gentleman yield?

MR. SEIBERLING. I yield to the gentleman from Illinois.

MR. RAILSBACK. Mr. Chairman, may I ask the gentleman from Ohio, for the purpose of clarifying the amendment that by striking the word "misappropriaton," the gentleman in no way is attempting to change the existing state of the law, that is as it may exist in certain States that have recognized the right of recovery relating to "misappropriation"; is that correct?

MR. SEIBERLING. That is correct. All I am trying to do is prevent the citing of them as examples in a statute. We are, in effect, adopting a rather amorphous body of State law and codifying it, in effect. Rather I am trying to have this bill leave the State law alone and make it clear we are merely dealing with copyright laws, laws applicable to copyrights.

MR. RAILSBACK. Mr. Chairman, I personally have no objection to the gentleman's amendment in view of that clarification and I know of no objections from this side.

MR. SEIBERLING. I thank the gentleman.

MR. KASTENMEIER. Mr. Chairman, will the gentleman yield?

is further shown by the Report by the Committee on the Judiciary comments on an amendment which clarifies the law of copyright as it applies to computer software. It stated:

> During the course of Committee consideration the question was raised as to whether the bill would restrict remedies for protection of computer software under state law, especially unfair competition and *trade secret laws*. The Committee consulted the Copyright Office for its opinion as to whether section 301 of the 1976 Copyright Act in any way preempted these and other forms of state law protection for computer software. On the basis of this advice and advice of its own counsel the Committee concluded that state remedies for protection of computer software are not limited by this bill. R. Milgrim, 12 Business Organizations, Trade Secrets, § 206A [3] n.66, app. at B1A-11-12. [Emphasis added.]

This same congressional view can logically be applied to trade secrets other than those embodied in software. We conclude that state trade secret law was not disturbed by the 1976 Copyright Act which specifically contained a preemption section.

3. United States Supreme Court decisions.

In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), the question before the United States

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MR. SEIBERLING. I will be glad to yield to the gentleman from Wisconsin.

MR. KASTENMEIER. Mr. Chairman, I too have examined the gentleman's amendment and was familiar with the position of the Department of Justice. Unfortunately the Justice Department did not make its position known to the committee until the last day of markup.

MR. SEIBERLING. I understand.

MR. KASTENMEIER. However, Mr. Chairman, I think that the amendment the gentleman is offering Department and accept it on this side as well.

MR. SEIBERLING. I thank the gentleman.

Supreme Court was "whether a State's unfair competition law can, consistently with the federal patent laws, impose liability for or prohibit the copying of an article which is protected by neither a federal patent nor a copyright." *Sears, supra*, 376 U.S. at 225; *see Compco, supra*, 376 U.S. at 234.

In both cases the defendants had copied and marketed plaintiffs' patented light fixtures. The plaintiffs sued on both patent infringement under federal law and unfair competition under state law. The lower courts found the patents invalid in both cases but upheld the unfair competition claims. *Sears, supra*, 376 U.S. at 226-27; *Compco, supra*, 376 U.S. at 235-36.

The Supreme Court reversed both decisions, holding that if the lower court judgments were allowed to stand:

> States could allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. This would be too great an encroachment on the federal patent system to be tolerated.
>
> . . . [B]ecause of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying. *Sears, supra*, 376 U.S. at 232-33. *See Compco, supra*, 376 U.S. at 237-38.

It should be noted that *Sears* and *Compco* did not purport to make any ruling concerning trade secret law. In both cases information -- new configuration of plaintiffs' lighting fixtures -- had plainly been disclosed to the public by issuance of plaintiffs' patents and by the presence of the lighting fixtures on the open market. The plaintiffs could not have claimed any rights under the law of trade secrets. *See Midland-Ross Corp.* v. *Sunbeam Equipment Corp.*, 316 F. Supp. 171, 177 (W.D. Pa.), *aff'd per curiam*, 435 F.2d 159 (3rd Cir. 1970).

Any doubt created by the *Sears/Compco* cases about the continued validity of trade secret law was resolved in favor of state law in *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974).

In *Kewanee*, petitioner Kewanee Oil Co. was the leading manufacturer of synthetic thallium activated scintellation crystals. The process which enabled Kewanee to grow these crystals with a diameter of 17 inches was the trade secret at issue. Respondents were former employees of Kewanee who had left Kewanee to form their own company and produce the same crystals in breach of an employment agreement not to disclose Kewanee's trade secrets. *Id.* at 473.

The precise preemption issue before the Supreme Court was whether Congress, by carefully setting forth the standards of patentability, intended to preclude state protection for secret processes which fall within the patentable subject matter but which were not patented. *Id.* at 472.

Kewanee held that misappropriation of trade secrets under state law is not preempted because exclusivity was not vested in Congress for discoveries. The court stated : "The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with operation of the laws in this area passed by Congress. . . ." *Id.* at 479. The court then went into a detailed analysis of the objectives and effects of trade secret law to show that the federal policy was "not . . . set at naught, or its benefits denied." *Id.*at 479-80.

The Supreme Court in *Kewanee* has recognized the value of trade secrets. No significant opposition to this aspect of the *Kewanee* decision has been shown by Congress, particularly in view of the statutory evidence that Congress did not intend to preempt trade secret law.

Since no "unmistakable" indication has been given to the contrary by Congress and the weight of the evidence points to the recognition by Congress and other authorities of the

value of state protection of trade secrets, we conclude that state trade secret protection has not been preempted by the federal copyright laws.

IV. APPROPRIATION FROM TEK-FAX

Young and Harley-Davidson contend that the jury's finding that PRIDE's trade secret was not developed by Tek-Fax and appropriated by MBA was against the great weight and clear preponderance of the relevant evidence. We disagree.

The evidence will be viewed in a light most favorable to the verdict. We will sustain the verdict if there is any credible evidence to support it. *Coryell*, *supra*, 88 Wis.2d at 315, 276 N.W.2d at 727. Where, as here, the verdict has the approval of the trial court, the jury's decision is entitled to even greater weight. *Meurer*, *supra*, 90 Wis.2d at 450, 280 N.W. 2d at 162.

The trial court relied on testimony that the relationship between the two systems was like comparing "kindergarten to college" and that "a great deal of difference existed between them." The trial court also noted that Tom Nies, the principal of Tek-Fax, testified that to his knowledge no materials were taken.

We conclude that the jury's verdict is sustained by credible evidence.

V. RELEASE OF MAYO and CHAPEL

Young and Harley-Davidson contend that the judgment must be reversed because of the release and dismissal of Mayo and Chapel.

In instructing the jury, the trial court stated that the agreement between counsel and the trial court to release Chapel and Mayo included the assumption of responsibility by Young and Harley-Davidson for Mayo and Chapel's acts. Young and Harley-Davidson contend that they stipulated only that Mayo and Chapel acted with apparent

authority and they never stipulated as to the "assumption of responsibility." As evidence to support their contention, Young and Harley-Davidson refer to the trial court's mischaracterization of the stipulation as supporting their argument. We disagree. The trial court in instructing the jury stated the following:

> You will notice that the Court has answered the question concerning whether the Defendants Arthur Young & Company and Harley-Davidson, Incorporated, signed the Non-Disclosure agreement. This is done for your convenience as the parties have agreed to allow the court to find that John Chapel and Harry D. Mayo as employees acted with apparent authority of their employer in their relationships with tne Plaintiff. In fact, the action has been dismissed against Mr. Chapel and technically has been dismissed against Mr. Mayo.
>
> Arthur Young & Company and Harley-Davidson, Incorporated, have agreed to assume responsibility for all the acts of Messrs. Mayo and Chapel in this action.

No objection was made at that time by Young or Harley-Davidson to this instruction.

In later correcting itself, the trial court stated:

> THE COURT: I should like to correct one thing that I said in my instructions, in reviewing the instruction I said I referred to a technical dismissal. As far as one of the parties was concerned. I don't, -- that has something to do with legal function. My function as to what I mean to say was that neither Chapel nor Harry Mayo are a part of your function any longer, that you will not have to answer any questions concerning the relationship to this case. Okay.

It is clear that the only misstatement the trial court is referring to is its reference to the dismissal of Mr. Mayo as a "technical dismissal." The trial court does not confess any misstatement as to the nature of the stipulation.

Furthermore, in closing argument, counsel for Young and Harley-Davidson admitted that Harley-Davidson and Young assumed liability for the acts of Mayo and Chapel.[10] Having assumed responsibility for the acts of its employees by stipulation, Young and Harley-Davidson cannot argue here on appeal that the judgment against them should be reversed because of the release and dismissal of Mayo and Chapel.

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10. In his closing argument for Harley-Davidson and Young, Mr. Kloehn stated:

Plaintiff's counsel also made the statement, and in fact, made much of the fact that just before the verdict was handed to you, Arthur Young and Harley-Davidson agreed that they would assume responsibility for anything that John Chapel or Harry Mayo may have done in this case, and he tried to make much of the fact that this came at the very end. Well, he omitted a few facts and I think I am entitled to tell you about them.

Neither Harley-Davidson nor Arthur Young ever, in the course of this case, asserted the agency defense. This was a figment of the plaintiff's counsel and on the eve of the trial, just as we were starting on behalf of Arthur Young and Harley-Davidson, I offered to take this question away, to say that Arthur Young and Harley-Davidson assume responsibility for what these men did.

MR. RITERIS: I hate to object, but the argument should be limited to what's in evidence, not what transpired in chambers.

THE COURT: I will allow him, in view of the fact of what was said in your argument, I will allow him to state what your position is.

MR. KLOEHN: But we did so on one condition, and that was that the plaintiff would not use that argument to then try to tell you that 500 partners of Arthur Young participated in any of these activities, conspired to somehow disadvantage Mr. Bryce and they refused to do that.

So, at that point, we said fine, you prove who was involved in this case and if there was anybody from New York, you prove their involvement, before you argue, and sure enough, the minute we conceded that Arthur Young and Harley Davidson [sic] feel that these men are entitled to workmen's compensation for their injury suffered in the course of their work and therefore, assumed liability for them, it was argued before you that all of the partners of Arthur Young did these things and that Arthur Young with full knowledge and their library participated in these things.

It's important to understand the facts of this case, and you heard them all. Who the individuals were and how these decisions were made. This was not a conspiracy in New York.

By the Court — Judgment affirmed.

Recommendation: Recommended for publication in the official reports.

AMENDED ORDER FOR JUDGMENT AND AMENDED JUDGMENT, R 286, 287*

STATE OF WISCONSIN
CIRCUIT COURT
MILWAUKEE COUNTY

M. BRYCE & ASSOCIATES, INC., a foreign corporation,

Plaintiff,

vs.

WILLIAM GLADSTONE and RODNEY LANG, d/b/a ARTHUR YOUNG & CO.; HARRY D. MAYO III; HARLEY-DAVIDSON MOTOR CO. INC. SUBSIDIARY AMF INCORPORATED, a domestic corporation; and JOHN E. CHAPEL,

Defendants.

AMENDED ORDER FOR JUDGMENT
Case No. 432-975

The above-entitled action having been tried by jury before this Court, the Honorable Leander J. Foley, Jr. Circuit Court Judge, presiding, commencing on the 27th day of November, 1979, the plaintiff appearing by its attorneys, Michael, Best & Friedrich and Jack L. Goodsitt and the defendants appearing by their attorneys, Quarles & Brady, and the jury having returned its verdict on December 20, 1979, and the plaintiff having filed its motion for judgment on the verdict and the defendants having filed their motions after verdict, all of which have been presented to the Court and are on file herein; the Court having heard the oral arguments of counsel and

* Except for the addition of the paragraphs concerning Mayo and Chapel, the amended order and judgment are identical to their prior versions.

having before it the briefs filed by both counsel, and after due and careful study of the complete record in this case and the Court having made and filed its decision on the 28th day of March, 1980, wherein it determined that the plaintiff* was entitled to judgment on the verdict as rendered herein and a permanent injunction and ordered that the plaintiff's attorney prepare and submit for signature a formal order to be drawn in accordance with its determination,

NOW, THEREFORE, upon all the files, records and proceedings heretofore had herein, it is hereby ordered that:

1. Plaintiff's motion for judgment on the verdict is hereby granted.

2. Defendants' motions pending after verdict are hereby denied.

3. Defendants' supplemental counterclaim is hereby dismissed with prejudice.

4. Plaintiff shall have and recover from the defendants, William Gladstone and Rodney Lang, d/b/a Arthur Young & Co. and Harley-Davidson Motor Co., Inc., Subsidiary AMF Incorporated, judgment in the sum of $10,000.00, the amount of plaintiff's damages as determined by the Court, together with interest from December 20, 1979, the date of the verdict together with double the amount of his taxable costs and disbursements.

5. Defendants, William Gladstone and Rodney Lang, d/b/a Arthur Young & Co. and Arthur Young & Co.'s agents, offices, servants, employees and attorneys are hereby mandated and ordered, during pendency of this action, not to divulge the contents of the November 1974 and January 10, 1975 Harley-Davidson Manuals to any persons other than those authorized by the Court as

persons who need to know its contents, and thereafter, to forthwith destroy all copies of the November 1975 and January 10, 1975 Harley-Davidson Manuals in its possession, or alternatively, to return such copies of said Manuals to Harley-Davidson Motor Co., Inc.

6. Defendant Harley-Davidson Motor Co., Inc., Subsidiary of AMF Incorporated, and its agents, officers, servants, employees and attorneys are hereby mandated and ordered to take reasonable precautions to protect the confidentiality of the contents of the November 1974 and January 10, 1975 Harley-Davidson Manuals by disclosing said Manuals only in confidence and only to those of its employees who have need to use said Manuals in the performance of their duties and obligations as employees of Harley-Davidson Motor Co., Inc. and by prohibiting the disclosure of said Manuals to persons outside of the employ of Harley-Davidson Motor Co., Inc.

7. The action and Complaint are dismissed on the merits with prejudice as to John E. Chapel; and

8. The action and Complaint are dismissed on the merits with prejudice as to Harry D. Mayo, III.

Dated at Milwaukee, Wisconsin, this 5th day of November, 1980.

BY THE COURT:

/s/ L. J. FOLEY, JR.

Leander J. Foley, Jr.
Circuit Court Judge

STATE OF WISCONSIN
CIRCUIT COURT
MILWAUKEE COUNTY

M. BRYCE & ASSOCIATES, INC., a foreign corporation,

Plaintiff,

vs.

WILLIAM GLADSTONE and RODNEY LANG, d/b/a ARTHUR YOUNG & CO.; HARRY D. MAYO III; HARLEY-DAVIDSON MOTOR CO. INC. SUBSIDIARY AMF INCORPORATED, a domestic corporation; and JOHN E. CHAPEL,

Defendants.

AMENDED JUDGMENT
Case No. 432-975

This action having tried by jury at said term, commencing on November 27, 1979, before the Court, the Honorable Leander J. Foley, Jr., Circuit Court Judge, presiding, and the jury having rendered their verdict on December 20, 1979 wherein they find for plaintiff and against the defendants, William Gladstone and Rodney Lang d/b/a Arthur Young & Co. and Harley-Davidson Motor Co., Inc., Subsidiary of AMF Incorporated, and the Court having assessed plaintiff's damages at $10,000.00 and determined that it is entitled to a permanent injunction, and it appearing that this action is one of which the plaintiff is entitled to double his taxable costs and disbursements, and the Court having directed judgment to be entered as follows,

On motion of Andrew O. Riteris, one of plaintiff's attorneys,

IT IS ADJUDGED:

1. That the plaintiff, M. Bryce & Associates, Inc., recover of the defendants, William Gladstone and Rodney Lang, d/b/a Arthur Young & Co. and Harley-Davidson Motor Co., Inc., Subsidiary of AMF Incorporated, $10,000.00, its damages as found and determined together with interest from December 20, 1979 at the rate of 7% per annum, together with double the amount of its costs and disbursements.

2. Defendants, William Gladstone and Rodney Lang, d/b/a Arthur Young & Co. and Arthur Young & Co.'s agents, officers, servants, employees and attorneys are hereby mandated and ordered, during pendency of this action, not to divulge the contents of the November 1974 and January 10, 1975 Harley-Davidson Manuals to any persons other than those authorized by the Court as persons who need to know its contents, and thereafter, to forthwith destroy all copies of the November 1974 and January 10, 1975 Harley-Davidson Manuals in their possession, or alternatively, to return such copies of said Manuals to Harley-Davidson Motor Co., Inc.

3. Defendant Harley-Davidson Motor Co., Inc., Subsidiary of AMF Incorporated, and its agents, officers, servants, employees and attorneys are hereby mandated and ordered to take reasonable precautions to protect the confidentiality of the contents of the November 1974 and January 10, 1975 Harley-Davidson Manuals by disclosing said Manuals only in confidence and only to those of its employees who have need to use said Manuals in the performance of their duties and obligations as employees of Harley-Davidson Motor Co., Inc. and by prohibiting the disclosure of said Manuals to persons outside of the employ of Harley-Davidson Motor Co., Inc.

4. The action and Complaint are dimissed on the merits with prejudice as to John E. Chapel; and

5. The action and Complaint are dismissed on the merits with prejudice as to Harry D. Mayo, III.

Arthur Young & Co., a partnership, is an accounting firm with offices at 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202.

Harley-Davidson Motor Co., Inc., Subsidiary of AMF Incorporated is a manufacturing company with offices at 3700 West Juneau Avenue, Milwaukee, Wisconsin 53208.

STATEMENT

Amended Judgment entered _____, 1980	
Amended Judgment docketed _____, 1980	
Amount awarded	
Interest at 7% from December 20, 1979	$10,000.00
Total Damages	$10,000.00
Costs and Disbursements $4,389.83 x 2 = ...	$8,779.66
Costs of Appeal Awarded by Court of Appeals, 5/11/79	See Remittitur
TOTAL	$18,779.66

Dated this _____ day of _____, 1980

FRANCIS X. McCORMICK—Clerk

By _____
Deputy Clerk

TRIAL COURT'S MEMORANDUM DECISION OF JANUARY 8, 1976, R 39

STATE OF WISCONSIN
CIRCUIT COURT
MILWAUKEE COUNTY

M. BRYCE & ASSOCIATES, INC.,
a foreign corporation,
Plaintiff,

vs.

Case No. 432-975

WILLIAM GLADSTONE and RODNEY LANG, d/b/a ARTHUR YOUNG & CO., HARRY D. MAYO III, HARLEY-DAVIDSON MOTOR CO., INC.—SUBSIDIARY AMF INCORPORATED, a domestic corporation, and JOHN E. CHAPEL,
Defendants.

MEMORANDUM DECISION

The defendants move for summary judgment under Wisconsin Statute 270.635, arguing that upon the affidavits setting forth evidentiary facts and documents, their denial and defenses are sufficient to defeat the plaintiff's cause of action. The plaintiff files affidavits arguing that there are facts which are sufficient to entitle him to trial.

The plaintiff's cause of action is founded in the common law right of protection of one's trade secrets of the development, design, and implementation of a procedure and methodology for an informational system called "Pride." A thorough reading of the affidavits and counter-

affidavits would indicate that there are three issues of fact that affect the Court's determination of summary judgment:

1) What constitutes the product "Pride"?

2) Was the action of the plaintiff such that Federal copyright protections were invoked preempting the issues?

3) Absent copyright protection, had the plaintiff's activities (public use) foreclosed a claim for protection under the nondisclosure contract and trade secret protection?

The defendants argue that the product "Pride" is exclusively a series of printed instructional manuals, all marked with copyright symbols indicating protection under the Federal copyright law. The plaintiff's counter-affidavits indicate that while it is true that the certain printed materials which are manuals do have the symbol indicating protection under the copyright statutes of the Federal government, the materials, in the legal sense, have never been published. It is further the contention in the counter-affidavits, disputed in defendants' affidavits, that there was a methodology involved over and above the matters printed in the material in the totality of the information imparted to the defendants, and this was their trade secret imparted to these defendants and other industries under nondisclosure protective contracts. The pleadings allege a violation of that nondisclosure contract by the defendants. This is the subject matter of the dispute.

In deciding the issue of summary judgment, one must keep in mind that:

> Ideas per se are not copyrightable nor are plans, methods and systems; but words or means of embodi-

ment or expression of those ideas are. The statutes do not provide for the protection of the intellectual conception apart from the thing produced, 18 Am Jur 2d 36, page 333. If all of the ideas conveyed from the plaintiff to the defendants were embodied in printed material properly marked under the copyright law and published, then the Federal copyright law would have preempted the field that involves the issues raised in this case. This raises an issue of fact foreclosing summary judgment.

Should the Court find that all of the ideas are embodied in the printed material, then this Court must ask the question: Do the plaintiff's acts of processing the material in question under Federal copyright procedure operate to preempt his common law claim for misappropriation of a trade secret and his contract right for damages under the nondisclosure agreement? The defendants maintain that the marking of the plaintiff's material with the copyright symbol, ©, the dates (1971, 1973), and the plaintiff's initials (M.B.A.), accompanied by the acts of sale and putting into commerce, is enough to copyright the material and, therefore, preempts the common law protection afforded by trade secret protection. The trade secret is based on the fact that the information is secret and a proprietary interest is created. It must not have been released to the world through publication. If it has been published, the rights are lost unless the Federal copyright statutes have been complied with which then protects the work.

It is well settled that the common law right in literary efforts is completely abrogated upon dedication to the public through general publication. It is also settled (by Federal copyright law) that the publication and affixing of the international copyright sign, ©, to a work will give rise

to rights protected by the law after copyright has been secured by publication of the work with a notice of copyright as provided in Section 10 of this title, Title 17, U.S.C.A. 13. The question of registration under the copyright statute is not important in this case as the plaintiff is not seeking the protection of the statute.

> Registration is not a condition of the right but is a condition of the remedy, *Contemporary Problems in Book Publishing, Magazine Publishing, and Advertising,* Walter J. Dunberg, Alan Latman, Practicing Law Institute, 1972, page 10.

Whether the act of copyrighting the material under the statute abrogates the common law protection afforded by the trade secret is a question of law for the Court to decide, but the Court recognizes another issue which must be dealt with before a decision on this legal question can be made. The issue deals with publication. "Was there publication," an element needed to provide statutory copyright protection? The defendan's' arguments do not deal with the problem of publication. This is a very necessary issue in both the copyright statute application and/ or its preemption of the common law rights. He does argue that the method of distribution and copyright statute compliance are general publication. However, this is not a clear-cut area of the law, and the question of publication, especially in connection with the nondisclosure statement, must be dealt with in depth.

> In an action for trade secret misappropriation, the plaintiff's prima facie case usually consists of showing the existence of novel subject matter, maintenance of secrecy and unlawful acquisition and use of the secret by the defendant, *What the General Practitioner Should Know About Trade Secrets and Employment*

Contracts, Seidel and Pamitch, A.L.I.B.A. (1973). In order to maintain the secret, the primary element of the protection, the owner must not publish the material as to put it in the public domain. The counter-affidavits place before this Court questions of fact on that issue which also foreclose summary judgment.

The plaintiff has a system called "Pride" consisting of printed manuals and forms, each bearing the copyright symbol and year in which the material was issued. Plaintiff sells this methodology for system design and implementation to large corporations throughout the country. As of the date of this action, between 70 and 90 large corporations have purchased this product. Along with the right to use this product, the corporations are also free to reproduce any or all of the material in any amount. When the Plaintiff came to the defendants to give them a sales demonstration, he required a signed statement from each defendant present which was an attempt to insure the secrecy and limit the dissemination of information so that publication would not occur. He claimed that the limited publication with the nondisclosure contract would protect his common law rights.

> Communicating secret information to persons in confidential relationship with the owner of the secret, even to many such persons or under a contract not to make the information generally public, is not publication to the world in general. Even the distribution of such information to a number of customers paying therefore and agreeing not to disclose is not a publication to the world . . . dissemination of information under these conditions and to a limited authorized extent has been termed a 'qualified publication,' *Kernen vs. Manhattan Quotation Telegram Company,*

50 H.O.W.P.R. (New York) 194 (1876); and does not destroy the right to protection as trade secret, *The Law of Unfair Competition and Trademarks,* Fourth Edition, Henry D. Nims, 1947, page 413. Publication limited or otherwise is not defined in the statute. Each case must be decided in light of the facts and situation presented, *Stanley vs. Columbia Broadcasting System, Inc.,* 35 Cal. 2d 653.

This is an issue as to whether there is general publication of this alleged trade secret.

In view of the above, it is not necessary for the Court to consider the issue raised by the defendants concerning restraint of trade.

For all of the above reasons, summary judgment is denied. Our Court, in *Breiky vs. Department of Administration,* 55 Wis. 2d 16 (1971), said:

> Disposition of a cause by way of summary judgment is proper if there is no material issue of fact and the questions presented are solely ones of law . . . underlying reason for adoption of summary judgment procedure was to . . . enable the Court to make final disposition of matters involving no issue of fact . . .

Here, we have issues of fact that must be resolved at trial. Summary judgment is, therefore, denied.

The plaintiff will prepare an order consistent with this memorandum decision for submission to the Court for signature in accordance with the rules of the Circuit Court for the Second Judicial Circuit. After that order has been signed, the Court will set a date for a hearing for a protective order in the examination of the information system of the defendant Harley-Davidson Corporation.

Prior to that hearing, counsels opposed should submit to the Court recommendations as to their protective order.

Dated at Milwaukee, Wisconsin,
this 8th day of January, A.D., 1976.

BY THE COURT:

/s/ L. J. FOLEY JR.

LEANDER J. FOLEY, JR.
Circuit Judge

TRIAL COURT'S POST-VERDICT MEMORANDUM DECISION, R 335

STATE OF WISCONSIN
CIRCUIT COURT
MILWAUKEE COUNTY

M. BRYCE & ASSOCIATES, INC.,
a foreign corporation,
Plaintiff,

vs.

Case No. 432-975

WILLIAM GLADSTONE and RODNEY LANG, d/b/a ARTHUR YOUNG & CO., HARRY D. MAYO III, HARLEY-DAVIDSON MOTOR CO., INC.—SUBSIDIARY AMF INCORPORATED, a domestic corporation, and JOHN E. CHAPEL,
Defendants.

MEMORANDUM DECISION

The following are motions after verdict, briefed and orally argued.

The plaintiff moves:

1) For judgment on the verdict as rendered.

2) For judgment awarding the damages as determined by the Court.

3) For an order permanently enjoining Gladstone, Lang and Arthur Young from disclosing to third parties or from using plaintiff's trade secrets and proprietary information.

4) For an order directing the defendant Arthur Young to destroy all copies of Harley-Davidson's manual or to return such copies to Harley-Davidson.

5) For an order permanently enjoining the defendant Harley-Davidson from disclosing or from using plaintiff's trade secret or proprietary information; for an order permanently enjoining the defendant Harry Mayo from disclosing or using plaintiff's trade secret and proprietary information.

6) For an order dismissing with prejudice the Supplemental Counterclaim of the defendants.

7) For an order that the plaintiff be allowed double his costs in accordance with Wisconsin Statute 807.01(3).

The defendants' motions were:

1) The renewal of all prior motions, to dismiss plaintiff's Complaint for lack of testimony of the existence of a trade secret.

2) Motions to dismiss Complaint for lack of testimony or misappropriation.

3) Motion to dismiss on grounds that the plaintiff's sole remedy under the facts herein is an action for copyright infringement; and

4) A motion to dismiss for lack of credible evidence that any defendant did anything which could form the basis for liability.

A motion to change Special Verdict answer:

1) The answer to Question 1-A from "Yes" to "No" since all credible evidence established that the totality of the "PRIDE" manual and the sales presentation were not plaintiff's trade secret on July 2, 1974.

2) Change the answer to Question 1-B from "Yes" to "No" since all credible evidence establishes that the Data Management Section of "PRIDE" was not a trade secret on July 2, 1974.

3) Change the answer to Question 2 from "Yes" to "No" since all credible evidence established that there was no confidential disclosure to the defendants at the sales presentation on July 2, 1974.

4) To change the answer to Question 3 from "Yes" to "No" since there is no credible evidence that the defendant used any trade secret of the plaintiff.

5) Change the answer to Question 5 from "Yes" to "No" since all credible evidence established the totality of the "PRIDE" manual and the sales presentation were not plaintiff's trade secret on July 2, 1974, and since all the credible evidence establishes that the Data Management Section of "PRIDE" was not a trade secret on July 2, 1974.

6) That the answer to Question 6 should be changed from "Yes" to "No" since there was no credible evidence that the defendant used any trade secrets of the plaintiff.

7) That the answer to Question 7 should be deleted since there is no credible evidence from which damages can be calculated and any figure that would be calculated would have to be from sheer speculation.

8) That the answer to Questions 8 and 9 should be changed from "No" to "Yes" since all of the evidence unrebuttedly establishes that the plaintiff copied "PRIDE" and all concepts in PRIDE are in TEN-FLD and the plaintiff does not own "TEN-FLD" nor have permission to use it.

9) The Special Verdict answers should be changed in the interest of justice.

A motion for judgment notwithstanding the verdict in favor of the defendants because:

1) The plaintiff's expert based his opinions which were evidently adopted by the jury upon matters which are irrelevant as a matter of law to the issues properly before the Court.

2) There is no evidence in the record to support a finding of misappropriation of a trade secret or breach of contract by the defendant.

3) It is in the interest of justice and furtherance of public policy of the state to grant judgment to the defendant.

Finally, a motion for a new trial because evidence was permitted contrary to a motion in limine which was irrelevant and prejudicial, misleading the jury on the issues in the case; evidence showing the alleged humble beginning of Bryce, his military duty, his having been a C.I.O. union officer; that the corporation M. Bryce and Associates is supposedly a family business; that an adverse ruling would destroy the business of M. Bryce; that there was a cost over-run of $330,000.00 on the Arthur Young engagement at Harley-Davidson; that Arthur Young has 500 partners and a large number of principals.

2) That the trial court erred in allowing Milton Bryce to deliver what was purported (falsely) to be a duplication of the sales presentation given at Harley-Davidson on July 2, 1974.

3) That the trial court erred in admitting over objection and without adequate foundation the so-called workpapers having Exhibits Number 272-1, -2, -3, -4, -5, -6, -7, -8, -10, -11, -14 and -15.

4) That the trial court erred in admitting Exhibit 232, the flow chart prepared by the plaintiff's experts because it was false and misleading.

5) The Court erred in admitting over objection testimony relating to a release by Cincom of certain individuals.

6) The trial court erred in sustaining plaintiff's objection to a cross examination of Milton Bryce on his knowledge of the contents of Harley-Davidson's manual.

7) The Court erred in striking the testimony of Mr. Robert Hamill.

8) The trial court erred in wrongfully restricting and limiting the factual testimony of Robert Hamill and Spencer Smith.

9) The Court erred in refusing to order plaintiff's counsel to confine his questioning to properly-worded questions.

10) The Court erred in allowing plaintiff's counsel to recite his own beliefs and convictions to the jury during his final argument.

11) The verdict is contrary to law in that no trade secret is properly defined.

12) The verdict is contrary to the great weight of evidence in that all the credible evidence of record stands uncontradicted and establishes that "PRIDE" was appropriated by "TEN-FLD".

13) The verdict is contrary to the great weight of evidence in that the only evidence of alleged misappropriation of "PRIDE" by the defendants occurred prior to the confidential disclosure on July 2, 1974.

14) The verdict is contrary to the weight of evidence in that there is no credible evidence that all or any portion of "PRIDE" is a trade secret.

15) The Court erred in refusing to include in its instructions to jury those instructions requested by defendants Number 12, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32 and 34, and instructing the jury that the trade secret need not be novel.

16) In the interest of justice, a new trial should be granted because the verdict is perverse.

Lastly, the defendants move for a declaratory judgment on the defendants' Supplemental Counterclaim on the following grounds:

1) That as a matter of law and by its own terms, the Non-Disclosure Agreement involved herein precludes the use only of trade secret information.

2) All credible evidence establishes that there is no trade secret in "PRIDE".

3) All evidence establishes the plaintiff does not have any ownership interest in any concepts in "PRIDE".

4) As a matter of law, if the Non-Disclosure Agreement precludes use of information which is not secret, the agreement is an illegal restraint of trade.

5) That the defendants are entitled to their costs and disbursements.

The Court will first consider the defendants' motions after verdict. Wisconsin Statutes Section 805.14 provides:

> 805.14 Motions challenging sufficiency of evidence; motions after verdict. (1) TEST OF SUFFICIENCY OF EVIDENCE. No motion challenging the sufficiency of the evidence as a matter of law to support a

verdict, or an answer in a verdict, shall be granted unless the court is satisfied that, considering all credible evidence and reasonable inferences therefrom in the light most favorable to the party against whom the motion is made, there is no credible evidence to sustain a finding in favor of such party.

The first four (4) motions and the first two (2) motions to change answers to Questions 1-A and 1-B from "Yes" to "No" will be considered by the Court together.

The critical question raised by these motions and is the foundation question for all of the motions after verdict is whether there is evidence to sustain a finding that there is a trade secret. The Wisconsin Supreme Court, in *Abbott Laboratories v. Norse Chemical Corp.*, 33 Wis.2d 445, at pages 457, 463 and 464, said:

> 'A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.' . . .
>
> 'A trade secret is a process or device for continuous use in the operation of the business.'
>
> An indispensable feature of a trade secret is that
>
> 'The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret. Matters which are completely disclosed by the goods which one markets cannot be his secret. Substantially, a trade secret is known only in the particular business in which it is used. It is not requisite that only the proprietor of the business know it. He may, without losing his protection, communicate it to employees involved in its use. He may

likewise communicate it to others pledged to secrecy. Others may also know of it independently, as, for example, when they have discovered the process or formula by independent invention and are keeping it secret. Nevertheless, a substantial element of secrecy must exist, so that, except by the use of improper means, there would be difficulty in acquiring the information. An exact definition of a trade secret is not possible.'

> '. . . Some factors to be considered in determining whether given information is one's trade secret are: (1) the extent to which the information is known outside of his business: (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.' Restatement of Torts, 757.

A part of the instructions given to the jury provides:

> A trade secret may consist of any secret formula, pattern, device or compilation of information which is used in one's business and which gives him an opportunity to obtain an advantage over competitors who do not know it or use it.
>
> A trade secret may be a process for continuous use in the operation of a business.

> Generally, a trade secret relates to a production of goods. However, it may relate to operations in business or to a method of bookkeeping or to other office management . . . A trade secret can exist in a combination of characters and components, each of which by itself is in the public domain, but the unified process, design and operation of which, in unique combination, affords a competitive advantage and is a protectible secret.

The Court has reviewed the record to find where in the record is the credible evidence and reasonable inferences drawn therefrom in the light most favorable to the plaintiff of an identification of the trade secret. The defendants have from the beginning claimed that the plaintiff has not identified his trade secret and has not responded to the Court's order at pre-trial or during trial for identification of the trade secrets.

The plaintiff identified it in his Non-Disclosure Agreement as a highly procedural and organized methodology for the design, development and implementation of information systems. The defendants claim that nowhere in all evidence does the plaintiff say, "The plaintiff's trade secret consists of a combination of _____ _____."

A review of the testimony and reasonable inferences informed the Court and the jury that the old method of storing information in files or account books or ledger was being changed, a change to a new method of the electronic retrieving of information from electronically-recorded information banks. The problem in the creation of the new system, updating it and keeping it current was to create a methodology for putting the data into the system, cross-referencing it within the system, updating

that data when changes occurred, being sure that all of the updating is cross-referenced into the right channels of information, storing it properly so that it can be recalled, and generally creating an information system that can be kept current so that information can be produced after properly being stored and indexed that will be accurate and up-to-date.

The plaintiff claims the product "PRIDE" is a roadmap for the creation, maintaining and updating of a dependable information system. Their method of managing data through the system and their subsystems is their unique combination of available techniques for use of electronic equipment which protects the goal of the system, the providing of accurate information to the user. The trade secret is that methodology or roadmap.

Because this is conceptual, the plaintiff's evidence on this subject must be considered in its entirety. Beginning with Defendants' Exhibit 146, Bryce gives the jury a "what" to look for in the specifics of their unique approach to Data Management, Flowcharting and Project Management. He then demonstrated in the morning and afternoon session how his project "PRIDE", with a unique methodology, could be the basis for their company implementing a secure information system.

The plaintiff's president, Mr. Bryce, presented as evidence the three volumes of "PRIDE". The participants in the afternoon session were allowed to peruse them (Tr. pages 176 through 187). Bryce in his afternoon presentation *told* them the "why" of this methodology. He said the books described the "what" and the "how". There were experts in the room who had signed the Non-Disclosure Agreements. After the meeting, they were enthusiastic about a purchase. A reasonable jury could draw the

inference that the methodology had value to them (a competitor).

The proprietary phase of the "PRIDE" manual was the way it shows the persons creating the information system how to create a system to input data and output information. Through the use of the flow charts and written descriptions, the management of data in and out of the systems is described. The use of subsystems protecting the retrievability and the interrelationship of the data that might be used when different information was requested from the system, the numbering system which identifies the data, the interrelationship, the cross references, the origin and disposition of that data was particularly described by Mr. Bryce in the specifics of the Data Management Section of "PRIDE", quoting from page 251 and 252 of the transcript:

> Now, what we have identified in Page 3, every procedure, both manual and computer, that will be used. And it will tell us that we have to write all these computer, manual procedures, preparing them as documents and we have to program this computer portion.
>
> And you will notice that we have used all those data management descriptions, the ID, the OD, the FD, the RD's and the DD's and the log. We couldn't have done this if we didn't have them. We couldn't have done it.
>
> And that is a real secret. That is an insight that is incredible how this unfolds.

Further, in cross examination (Tr. p. 805), Mr. Bryce said:

> I believe that this — the idea of using file descriptions, input descriptions, output descriptions, record

descriptions, logs and the general contents on these forms was derived from 'PRIDE'.

Dr. DuBois testified of his search for a system design methodology and the final decision by RCA to purchase "PRIDE".

The report of Dr. Heintz in comparing "PRIDE" and Harley-Davidson said:

> PRIDE's ability to present an integrated and comprehensive approach to both design and documentation, at the level of detail presented in the manuals, could be considered as a significant contribution which the court may deem proprietary in nature.

He described "proprietary" as something that a person had a right to and had grounds to keep secret. Earlier in the report, Dr. Heintz comments:

> Thus in carefully examining the specifics of PRIDE's design approach, one finds that there is no single item that is new or unique. PRIDE's main contribution at this level is not any single item, but it would be the way in which these commonly accepted methods and procedures are combined as a unit. . . .
>
> There is one further aspect of the PRIDE documentation that may be of interest. PRIDE proposes an identification system whereby documents are identified by system, subsystem, procedure, and program. This produces a hierarchial structuring of the designed system and its documentation that facilitates the 'integrated' design concepts of PRIDE. This could be considered a ***unique contribution of the Pride procedures.*** (Emphasis supplied)

The jury could reasonably relate this with the detailed description that Mr. Bryce gave of the afternoon presenta-

tion where he took out the "PRIDE" manuals, Exhibits 252, 251 and 250, allowed the participants to see the books and go through them as he made his comments. The running dissertation commencing on page 181 of the transcript describes what Dr. Heintz calls and identifies as a unique contribution that is proprietary in nature and Dr. DuBois calls proprietary.

By using the example of the payroll department's problems and needs, he detailed the data management of the system, walking the jury through the details of the procedures, the establishment and use of the control number, its assignment through the log. "That's the way *we* code." (Tr. p. 196). Then the preparation of the descriptions, input, output, file, records and data, he says:

> We are forcing through this specification, the analyst to make very critical decisions about his design and where it should be. (Tr. p. 199)

He continued by describing the data elements as indicative, descriptive, quantitative and their relationship to the creating, updating and referencing. He refers to the data management details as:

> That is the real secret of how you bring this thing together. (Tr. p. 211)

The file usage described on page 218 where he is again, referring to Exhibit 270-24, describes how the file is identified and how it is being used in five subsystems and its frequency. The description that beginning on transcript page 235 of a flow chart (Exhibit 270-28 and -29) is another example of the create, update and reference criteria that facilitates this unique integrated design concept of "PRIDE".

From the afternoon session, the jury could draw the inferences that there is an identification method under which the prospective purchaser can create a system that will keep track of the data, cross referencing that data and directing its reference into the different subsystems so that when any information is withdrawn, the integrity of the information that the client company seeks to retrieve is protected. Dr. Heintz called this a hierarchial structuring of the design system and its documentation (numbering and cross referencing) that facilitates the integrated design concept of "PRIDE".

The evidence submitted in the afternoon's presentation along with the evidence submitted by the experts identifies what the trade secret is. It also specifically identifies the details of the data management referred to in Question No. 1-B and conceptually the integration of that data management system into the totality of the product "PRIDE". Thus, the existence of an actual trade secret as the *sine qua non* of a cause of action is defined. See *Abbott Laboratories v. Norse Chemical Corp., supra.*

There is evidence to support a finding of the six factors in determining a trade secret referred to above.

1) The extent to which the information is known outside of the plaintiff's business is supported by the following evidence:

The people involved in the afternoon session and those involved in the preparation of the standards manual for Harley-Davidson all were impressed with the "PRIDE" material and the information given at the afternoon session to such a degree that one of the defendants himself, "an expert," was willing to pay the $10,000.00 for information. This, inferentially, attests to the fact that the concept was not known; the testimony of

Bryce concerning the method in which he protected the confidentiality from getting outside his business; the fact that the product is never sold without the expressed agreement to maintain confidentiality.

The defendants have in a very thorough manner gone over the material presented in the sale literature and the "state of the art" at the time of the misappropriation and argue that all or any trade secret was known or spelled out by the plaintiff in a public advertisement (Plaintiff's Exhibit 201 and 219). This evidence was presented to the jury. The evidence the jury could have believed was that demonstrated to them, the actual portraying of the methodology in the specific case study and the detailed unique uses of the generally known components. Those advertisements could have been interpreted by the jury to define the "what" of "PRIDE" but certainly not the "*how*" and "why" which they found the defendants heard and saw and used.

2) The extent to which it is known by employees and others involved in his business. Here again, Mr. Bryce's testimony is sufficient for the jury to draw reasonable inferences that all employees were informed of the confidential nature of the material with the pledge of keeping it secret.

3) The extent or measures taken by him to guard the secrecy of the information; the signing of the Non-Disclosure Agreement by every person that was at a sales meeting where a secret portion of the sales presentation was made; the testimony concerning Bordens, the fact that their employee was cognizant of the pledge of secrecy; the testimony concerning the July 2, 1974, meeting relating to signing the agreement and the oral warnings; and while one of the parties is alleged not to have signed the

agreement, there is evidence that that party was on notice orally. The documents themselves say it. Bryce referred to secrecy a number of times during his presentation. All is sufficient evidence to support a conclusion that that factor was covered.

4) The value of the information to him and to his competitors is supported by the amounts paid for the product and the fact that many knowledgeable people at Harley-Davidson and Arthur Young found it valuable.

5) The amount of effort or money expended by him in developing the information system. The record is replete with evidence, the number of days that he spent in drafting the documents, his wife's work, the efforts in upgrading it and keeping it current to society's needs.

6) The ease or difficulty with which the information could be properly acquire or duplicated by others. There was a search for a methodology by Dr. DuBois, by Arthur Young, Harry Mayo. There is the cost that was made by Harley-Davidson to develop a manual. Generally the list of "PRIDE" customers shows the cost and inferentially the difficulty or ease with which an information system would be created, let alone a system that was so highly specialized. The jury could draw the inference that because these experts recognized this as a unique contribution, that experienced persons in the data processing industry would have difficulty in acquiring the concepts and implement them as they were done in "PRIDE".

The evidence supporting the jury's answer to Question No. 2:

> Was the trade secret found by you in Question No. 1 disclosed in a confidential relationship to the defendants at the sales presentation of July 2, 1974?

The Wisconsin law concerning the establishment of a confidential relationship is found in *R.T.E. Corporation v. Coatings, Inc.*, 84 Wis.2d 105, at 117:

> Where what is thought to be a trade secret is disclosed, the question posed is whether under the circumstances, the recipient of the information *Knew or should have known* that the information is a trade secret and that the disclosure was made in confidence. (Citations omitted) A confidential relationship does not arise when the parties are dealing at arm's length and the recipient has not been put on notice of the confidential nature of the disclosure. (Emphasis supplied)

Here the jury was informed of the five people who were at the afternoon presentation; two did not sign the Non-Disclosure Agreement. However, there is conflicting evidence as to whether they were put on notice of the confidential relationship verbally by Mr. Bryce or indirectly through other participants.

The jury chose to believe under the instructions and from that evidence that the relationship at the time of the disclosure was confidential. The Court, under the rule above-recited, cannot then disturb the verdict.

The evidence supporting Special Verdict Question No. 3:

> Did one or both of the following defendants use the trade secret found by you:
>
> **A) Arthur Young? ANSWER: Yes**
>
> **B) Harley-Davidson? ANSWER: Yes**

Here the testimony of Dr. Dubois and Dr. Heintz both identify similarities. The exhibits used by Dr. DuBois and

the testimony of Mr. Bryce could have been related by the jury to identify the use of the trade secret. Dr. Heintz said, "although not identical, very similar" as he talked of the procedures and techniques which are the trade secret. Heintz leaves the question of the violation of the proprietary nature of "PRIDE" to the jury. Then he suggested that if it were a copying that went into the preparation that he would have to know the experience of the persons, their prior knowledge and the work papers that form the foundation in the preparation of the manual.

There is testimony of similarities in the work papers that relate to periods after June 26th and after July 2nd. There is Bryce's testimony; Mayo's testimony; a reference in the log of John Chapel dated July 16, 1974, concerning Dave Bryan's contribution; the comparison made by Dr. DuBois in the arrow charts, Exhibit 225, which illustrates the comparison of the Data Management Section of "PRIDE" and the forms taken from Harley-Davidson's manual; Dr. DuBois's reference to the real use of the subsystem concept in the implementation of the Harley-Davidson information system. Finally, there is the accidental use of the word "subsystems" by Harley-Davidson in the work papers and the motive of getting the Harley-Davidson manual out as quickly as possible. All that testimony constitutes sufficient evidence from which a jury could reasonably infer that the answer to Question No. 3 should be "Yes".

This Court's discussion of the sufficiency of the evidence to sustain the answers to Questions 1, 2 and 3 applies to the answer to Questions 5 and 6.

Inasmuch as there is credible evidence sufficient to sustain the jury's finding of misappropriation of the plaintiff's trade secret, it follows that the jury's answer relating to plaintiff's contract action are also supported.

Question No. 7 of the Special Verdict asks:

What sum of money will fairly and reasonably compensate the plaintiff for damages they sustained because of the use of the trade secret and/or proprietary (secret or confidential) information as found by you?

ANSWERED BY THE COURT: $10,000.00

The defendants claim that the measure of damages is found in Wisconsin Jury Instructions-Civil 3710. The claim under consideration is founded in the misappropriation of a trade secret. The measure of damages is the fair market value of the trade secret which is in this case encompassed in the fair market value of the product "PRIDE" which the Court found was $10,000.00. These damages are found as a matter of law, the fair market value at the time of the conversion evidenced by the negotiated amount and was not disputed in the testimony.

The Court, therefore, affirms the finding of damages in the amount of $10,000.00.

Question Nos. 8 and 9 of the Special Verdict read:

Question No. 8:

Was the trade secret found by you in answer to Question No. 1, in fact, developed by TekFax and appropriated by M. Bryce and Associates?

ANSWER: No

Question No. 9:

Was the proprietary, confidential and secret information found by you in answer to Question No. 5, in fact, developed by TekFax and appropriated by M. Bryce and Associates?

ANSWER: No

What the jury said by answering the questions "No" is that the defendants have failed to meet their burden of proof. The Court does not search the record to find evidence to support that answer because the negative answer deals with the whole gamut of credibility and weight of the evidence.

The Court would have to find as a matter of law that the answer must be "Yes" or grant a new trial. Here the jury heard the testimony. They weighed the credibility of the witnesses and determined that the defendants had not met their burden of proof. There is evidence in the record from several witnesses that there was no copying. Bryce himself said so.

One of the elements in determining whether the plaintiff has a trade secret is part of the factual finding the jury made concerning TekFax and Cincom ownership of "TEN-FLD" and its similarity to "PRIDE". Here the plaintiff had the affirmative (burden) in the first questions, the proprietary nature of the trade secret incorporated in "PRIDE". The jury has already decided this issue.

The testimony of Bill Ash and Curg Shields who participated in the development of "PRIDE", first of all, could have been rejected by the jury. Even Shields said that the relationship between the two systems was like "comparing kindergarten to college" and "a great deal of differences." Tom Nies testified to his knowledge no materials were taken.

So that in the question where the affirmative was on the plaintiff, they decided the issue favorably to the plaintiff; and where the affirmative was on the defendants in the specific question *that the defendants requested,* the jury was consistent. There is evidence to sustain that

consistency. The Court, therefore, must affirm that part of the verdict.

As it relates to the cause of action of the defendants, it is true that this is an advisory verdict on the equitable issue. The Court will accept the advisory verdict as the judgment of this Court and the answers to Questions 8 and 9 become the answers of the Court.

The motion of the defendants for judgment notwithstanding the verdict on the grounds that for matters appearing in the record, the jury verdict answers are incorrect as a matter of law, the Court reiterates all of the parts of this decision on the motion that relate to the trade secrets, the proprietary interests and the misappropriation, and finds that this Court cannot, as a matter of law, grant judgment notwithstanding the verdict.

The Court further finds that the evidence is such that the verdict must be sustained. It does not show perversity.

This Court does not review the evidence in isolation. The evidence interrelates one part with the other. Milton Bryce's factual demonstration identifies the trade secret; and when related to the testimony of Dr. DuBois, his testimony and Dr. Heintz's testimony indicates that a reasonable jury viewing all testimony could find as they did find.

As it relates to the motions to dismiss, the Court again refers to the arguments and decisions on the motion as it relates to the trade secret and the answers to the questions. The credible evidence presented is sufficient to delineate that trade secret, and the verdict is not based on conjecture or speculation.

Here we had two experts' opinions. The probative value of an expert's opinion depends on many consid-

erations. The factual matters that the one expert used in the case was his attendance at the trial during that part of the testimony concerning the trade secret; the fact that he had heard the "sales pitch" on a previous occasion; that he had the manuals before him; that he made comparisons of the manual was sufficient evidence of his knowledge and background to support his expert opinion. There is a reasonable correlation between the facts that he used and the conclusion that he draws. The testimony was persuasive and formed a basis for a reasonable jury to act as they did. See *Jones on Evidence,* 6th Edition, Guard, Section 14:19, page 633 to 638, Factual Basis for Expert's Opinion.

The Court, on the basis of the above, denies the request for declaratory judgment on the Counterclaim of the defendants.

The Court now considers the alternate motion for a new trial. The defendants claim error on the following grounds:

1) The defendants at the beginning of the trial filed motions in limine. One of the motions asked the Court to prohibit the plaintiff from offering any evidence that all or any of plaintiff's business is made up of "PRIDE"; that "PRIDE" constitutes all or any asset of the plaintiff's corporation; that Milton Bryce has devoted any substantial part of his career or he made any sacrifice for the creation of "PRIDE" and the value which he diminished by any decisions adverse to the plaintiff, or that the plaintiff would suffer any loss to his business or property to any decision adverse to the plaintiff; or that Milton Bryce might be hurt or injured from any decision adverse to the plaintiff.

The Court granted the motion but made the following admonition:

> THE COURT: Factually he can bring in who's the President, who's the Vice President, who the officers of this corporation is and where they're located. I see that as no issue; but if you start pulling the tears out of my eyes, we'll stop it. You make an objection. (Excerpt from Hearing on Motions, November 21, 1979.)

By that order, the Court did not prohibit the plaintiff from putting in the necessary proof that would be required to establish his claimed trade secret.

In *Abbott Laboratories v. Norse Chemical, supra,* the Court, quoting from the Restatement, 4, Torts, Section 575, Comment B, set out three considerations that deal with the subject matter of the motion in limine:

> '. . .(d) the value of the information to him and to his competitors; (e) the amount of effort or money expended by him in developing the information; (f) the ease or difficulty with which the information could be properly acquired or duplicated by others.'

It would be absurd to interpret the order in limine to forbid evidence concerning those considerations. What the Court's order sought to prohibit was the playing on the heartstrings of the jury about the comparison of the size of the two parties in the action; but the factual evidence about the time that was required to construct "PRIDE", the cost, the value of the information to him, the Court did and must allow to be presented. It did not in any way violate the order in limine, nor did it prejudice the defendants' case in any way.

Many of the other objections that were made to matters introduced in evidence which might be inferentially related to the motion in limine, the Court has reviewed and finds that none of them are a direct violation of the motion in limine. Those that were objected to were ruled on by the Court during the course of the trial. In those cases, the Court often admonished the jury to disregard it. Over and above that, the Court's preliminary instruction concerning objections, stricken testimony and fairness to all parties was sufficient to protect the integrity of the evidence received.

2) The defendants also move that a new trial should be granted because the Court erred in permitting Mr. Bryce to deliver a five-hour monolog purporting to be the sales presentation given on July 2, 1974. The afternoon sales presentation was a relevant part of the evidence in the case.

The plaintiff has always maintained that the trade secret was conceptual in its methodology and that the afternoon session was part of the understanding of the concept in the "why" you did things.

As part of preparation for this motion, the Court has re-read the entire statement made by Bryce. It is true that Mr. Bryce on two or three occasions used examples that he could not have used on the date of July 2, 1974; but that goes to credibility and not to admissibility.

The testimony was relevant, an integral part of the plaintiff's case, and if believed by the jury was part of the factual foundation that formed the basis for the answers to the questions, particularly Questions 1-A and 1-B.

The morning presentation was relevant because it laid the foundation for the afternoon presentation. The case involved a violation of a trade secret in a sales

relationship. The introduction of the product and the exposure to the product and the context in which the product was exposed were all relevant testimony. The case-in-chief required that the Court allow the plaintiff to present the entire sales presentation so that it was in context. The jury then got an understanding of the relationships of the parties and the distinction between the secret and non-secret portion of the presentation.

The Court, in allowing or admitting evidence, allowed all relevant evidence, sometimes even evidence that has very little relevance in order that the jury can weigh that evidence that has greater relevancy.

3) That the Court erred in admitting into evidence without adequate foundation the work papers. The evidence concerning the work papers by Mr. Chapel and Mr. Mayo were that these were the working papers of the project team. They were used by them (the working team) on the project. As they were used, they were collected and compiled by Mr. Chapel. He put them together and attached them as they were used, bound and dated for the time of the use. That was the business practice of the Arthur Young Company and were his instructions from his superior. They were maintained under the supervision of Mayo at Harley-Davidson during the drafting of the information system.

These were preserved by Arthur Young in the locked box in which they were presented as evidence. These papers were used in evidence as the admission on the part of Mayo and Chapel that they were documents that were used by the project team to create the manual. They were not used to prove the truth of the matters asserted. They were used to prove that those persons who were drafting the manual during that period of time recorded were exposed to that information.

The documents qualify as evidence of the facts of what was used by the drafters of the Harley-Davidson manual for background information. They are, therefore, not hearsay but direct evidence to that fact. They also qualify as admissions against interest, and they also qualify as business records.

Lastly, the plaintiff is correct when he argues the defendant used these papers or parts of the work papers as evidence to prove their case, as proof of the fact that the "PRIDE" concept was in Mr. Mayo's hands prior to the July 2, 1974, presentation.

4) A new trial should be granted because the Court erred in admitting plaintiff's demonstrative flow chart, Exhibit No. 232. This exhibit was admitted as demonstrative evidence. The Court has reviewed the transcript, particularly that part of the transcript that deals with the cross examination of the witness DuBois by Ms. Ballman.

All of the matters that came out during cross examination fortified its admissibility but did substantially attack its weight. Demonstrative evidence may be used in a civil case for the purposes of aiding the jury, if it does aid them.

It is true that the Court has a responsibility that demonstrative evidence does not in any way prejudice a party. A thorough reading of the transcript clearly shows that the particular areas of the narrative were used to create the flow chart. The drafting it onto the flow chart and showing it to the jury gave a clearer explanation of what the plaintiff wished to present.

Those parts of the demonstration that dealt with peripheral matters, the names, etc. went not to the substance of the demonstration but were fillers, those things necessary to complete the flow chart. Using the analogy

that the defendants use in their brief, those matters would be like the leaves on the tree, a new bush to the side of the picture which were not a necessary part of the exhibit. The Court usually through instruction clarified the differences as the Court did here. The defendants through cross examination could also point out to the jury the difference. The defendants' argument deals with weight.

5) A new trial should be granted because the Court erred in admitting evidence of a release by Cincom to Messrs. Bryce, Shields and Ash. The defendants argue that the testimony, while relevant as to part of the issue, should have been excluded under Section 904.03 on the grounds that it was prejudicial, citing *Lease America Corporation v. Insurance Company of North America,* 88 Wis.2d 395, 276 N.W.2d 767.

Counsel for the plaintiff argues that the exhibits offered by Cincom in response to the subpoena were admitted into evidence by stipulation which included the release (Nies' deposition, page 18).

The Court has reviewed that deposition and does not read that as the stipulation on the part of the defendant-questioner. While the word "entering" is used, it is poorly chosen. In the context of the whole statement, it means "used" as a piece of evidence to be questioned about rather than admitted.

Nevertheless, the defendants brought Mr. Nies to the trial through deposition as their witness. Those portions of the deposition that were read to the jury dealt with the release. See Mr. Kloehn's questioning page 2302, 2303 and 2304.

Thus, the exhibit became relevant at the instigation of the defendants' questioning. In that context, it was prejudicial. The Court has weighed and re-considered at

this time its ruling and finds that it was not prejudicial and had it not been admitted, that would have been prejudicial to the plaintiff.

6) A new trial should be granted because the Court erred in sustaining plaintiff's objection to cross examination of Milton Bryce as to plaintiff's knowledge of allegations in the Complaint. A re-reading of the transcript, pages 970 to 971, indicates that there was an objection to this questioning on the part of the plaintiff. The Court did not rule on the objection, indicating that it thought the subject matter had been covered before and that the cross examination was repetitious. However, the Court allowed counsel for the defendants to check over the pervious Friday's testimony. Defendants' counsel then indicated he would skip on to something else and would come back to it (the knowledge) at a later time.

The Court cannot find any re-examination of that subject matter. The defendants, having not presented further testimony on the subject, waive any objection to the open-ended interruption rather than ruling of the Court.

7 and 8) A new trial should be granted because the Court erred in striking the testimony of Mr. Hamill and unduly restricting the scope of the testimony of Mr. Smith. In excluding this testimony, the Court relied heavily on Section 904.03 of the Wisconsin Statutes:

> 904.03 Exclusion of relevant evidence on grounds of prejudice, confusion, or waste of time. Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence.

The defendants sought to produce these two persons for factual evidence concerning the trade secret alleged in "PRIDE" and whether or not Harley-Davidson's manual incorporated "PRIDE"'s trade secret.

This case was a very complicated case with a number of expert witnesses, all of whom gave expert opinions concerning the trade secret issue. These two gentlemen were not listed by the defendant as expert witnesses, and the plaintiff had no opportunity to prepare for this testimony. As the testimony unfolded, it appeared more and more to this Court that the quality of the testimony, while not opinion per se, was impliedly expert. The background or basis of the testimony was extremely confusing as to the texts that they were referring to and the dates when the texts were published and how that related to the alleged trade secret in "PRIDE" and in Harley-Davidson's manual.

The materials upon which these two witnesses relied was questionable and certainly if their testimony was allowed to remain in the record, the plaintiff should have had ample opportunity to research and investigate the sources prior to cross examination.

The Court ruled that it could not adjourn the trial, allowing an opportunity to make investigation and depose these witnesses. The testimony of these witnesses, while it did not *directly* violate the Court's order about expert witnesses, it did violate the spirit of that order. The jury certainly would be confused as to whether these persons were really expert witnesses. The Court's ruling on their testifying to their independent recollections as to facts existing in 1974 is the quality of the evidence that inferentially the jury was asked to treat as expert testimony. The plaintiff had no opportunity to examine the foundation for that "factual" evidence which the Court

interprets to be opinion addressed to the core issue of the case.

The analogy that defendants used of the doctor who witnesses an injury or an altercation would certainly be allowed to testify to the facts is correct, but the doctor would not be able to testify to books that he had read four years previously that show a relationship between the injury he saw and the injury described in the book as an accident-related injury.

Here the witnesses were asked about specific parts of the "PRIDE" manual that they found in the manual and in their manuals four years previously. The quality of the comparison here is the danger. We are dealing with a subject matter that the jury knew nothing about. The trade secret was a complicated methodology of a procedural nature. Those questions, while they appeared to be factual on their face, impliedly were expert in nature and given in rebuttal to some experts and supportive of others by persons who were identified as having special skills in the particular profession. The whole context dealt with the state of the art in 1974 and 1975. The evidence was properly excluded.

9 and 10) A new trial should be granted because of the improper conduct of plaintiff's counsel in trial. The Court has reviewed the record and had determined that in each and every case where an impropriety, if one was committed, was objected to, the Court made a ruling and, if sustained, advised the jury to disregard that comment, etc.

The Court also instructed the jury at the beginning of the trial and the end of the trial that counsels' arguments to the Court during the trial or between each other or to the jury at the end of the trial was not evidence.

As it related to the closing arguments considered in the context of the whole argument, it was not prejudicial. However, plaintiff is correct that the proper remedy was for the defendants to alert the Court with a timely objection and to move for a mistrial before the jury returned the verdict at which time the Court would have an opportunity of remedial action, if appropriate.

11) A new trial should be granted because the verdict is contrary to law in that no trade secret is defined, and the verdict is contrary to the great weight of evidence in that there is no credible evidence that "PRIDE" contains a trade secret. When the Court decided the motions to change the answer, the Court thoroughly reviewed the evidence concerning these issues. The decision of the Court as it relates to the changes of the answers applies to the decision overruling this motion for a new trial.

12, 13 and 14) A new trial should be granted because the verdict is contrary to the great weight of evidence and perverse in finding that "PRIDE" is not appropriated from "TEN-FLD" and that "PRIDE" was a "trade secret". Again the Court has reviewed the evidence on this subject matter. A review of the testimony found as it relates to the changing of the answers to Questions 8 and 9 apply to the decision overruling a motion for a new trial on this ground.

15) Error in instructing the jury: Refusal of plaintiff's offered instructions, Number 22—Elements of Plaintiff's Burden of Proof is unnecessary and repetitious. The elements were presented in the questions and are clarified in the other instructions given. Number 24—The Court did instruct the jury using defendants' offered instruction, striking only a portion of a sentence and one phrase: "The subject matter of the trade secret must be secret." (Tr.

3183) This is stronger and simpler than "an indispensable feature is that the", adding nothing to help understand the concept. The added phrase about employees comes from *Abbott, supra.* Number 25 The instruction given (Tr. 3184) is the Wisconsin law on combination of characters and components. The offered instruction is not the subject the Court should have instructed on. It talks about "written compilation of information" which would be coufusing for the jury when considering a design of a methodology or process for the creating or updating of an information system. The better definition is in *Wilke v. Pioneer,* 185 U.S. PQ-98, and was given. Numbers 26-27-28-29—These instructions were apparently rejected as duplicitous of instructions taken from the plaintiff's offered instructions, although the Court cannot find in the record any argument of objection to their rejection. Numbers 30-31 were correctly rejected as part of the argument that counsel should have made. It would have been error for the Court to give these instructions.

The Court did correct the error it made when it included "It is not necessary that in order for a process to be a trade secret that it be novel or a patentable invention." On re-instructing, the Court informed the jury that the instruction they were then receiving answered the question which they had asked. In the context of the request, that sufficiently remedied the prior error.

The instructions as given instructed the jury on the law. They were not plaintiff-oriented. The instructions are not given in a vacuum. Defendants' very thorough argument explained each instruction and clearly related the instruction to the theory of the defense.

16) A new trial in the interest of justice. This Court has reviewed all of the testimony that supports this verdict. There is evidence to support the verdict as is

discussed in this decidion[sic]. The verdict is not perverse. A new trial under the law cannot be granted.

The defendants' renewed motions to dismiss are overruled.

1) The motion to dismiss plaintiff's Complaint for lack of testimony of the existence of a trade secret. The reasoning supporting the denial of this motion is found in this Memorandum Opinion concerning the motions to change answers.

2) The motion to dismiss for lack of testimony on misappropriation is denied. As one of the elements of proof that the jury did find in their answer to the Special Verdict questions was misappropriation. The jury found misappropriation, and there is credible evidence to sustain it.

3) The defendants' motion to dismiss on the grounds that the plaintiff's sole remedy under the facts herein is an action for copyright infringement. It should be noted that no evidence was produced on the general publication of the "PRIDE" manual. The Court, under a stipulation, did not ask the question of the jury.

In *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, the Supreme Court held that the Ohio trade secret law which follows the Restatement was not preempted by the Federal patent law. The Court, in its decision on motions for summary judgment, quoted from 18 AmJur (2d), explaining the scope of the protection afforded by Federal copyright law.

It is true that the documents supplied do have the copyright symbol on them. However, another fact, that of general publication, is the *sine qua non* of copyright protection. Absent that fact, the preemption doctrine does

not apply. Further, the findings of this jury impliedly rejects any issue of publication. The motion is overruled.

4) The motion to dismiss for lack of credible evidence that any defendant did anything which could form the basis for liability is denied. The Court, in determining the issues raised in the motions to change the answer to the Special Verdict questions, forms the basis for the denial of this motion.

The Court, therefore, denies the motions of the defendants concerning the change of answers to the questions in the Special Verdict; denies the motion for judgment notwithstanding the verdict; overrules the pending motions to dismiss at the end of the plaintiff's case and the motion to dismiss at the end of all the evidence; refuses to grant judgment as prayed for in the Supplemental Counterclaim; and overrules the motion for declaratory judgment.

The Court grants the motion of the plaintiff for judgment on the verdict; for judgment awarding the damages as determined by the Court; and for an order permanently enjoining Gladstone, Lang and Arthur Young from disclosing to third parties or from using plaintiff's trade secret and proprietary information; directing the defendant Arthur Young to destroy all copies of Harley-Davidson's manual or return such copies to Harley-Davidson; an order permanently enjoining the defendant Harley-Davidson from disclosing the plaintiff's trade secret or proprietary information, and to continue to keep as a trade secret their manual; and order that the plaintiff be allowed double his costs in accordance with Wisconsin Statute 807.01(3).

The plaintiff shall prepare an Order consistent with this Memorandum Decision for submission to the Court

for signature in accordance with the rules of the Circuit Court for the First Judicial District.

Dated at Milwaukee, Wisconsin, this 28th day of March, A.D., 1980.

BY THE COURT:

/s/ L. J. Foley, Jr.
LEANDER J. FOLEY, JR.
CIRCUIT JUDGE